| Restrict | Restrict

New York soars record 5.9% ● London falls 12.2% ● Tokyo falls 14.9% ● Sydney falls 24.9% ● Hong Kong closed

🖟 Wednesday October 21 1987

D 8523 A

The Gulf: Iran's threats make neighbours more nervous, Page 26

World News

US 'ready for any Iranian response'

The US firmly denied it was being pushed towards a war with Iran but said it was prepared for any Iranian response to Monday's American attack on two Iranian oil platforms in the Gulf.

Gulf.
Tension in the waterway remained high as Iran repeated a threat to retaliate. The Soviet Union said Moscow and Tehran had provisionally agreed to hold talks on a possible exchange of Iranian crude for refund Societ all predicts Prefered. fined Soviet oil products. Page

World reactor plan

The EC, Soviet Union, US and Japan agreed to collaborate on designing an experimental thermonuclear reactor. Work will begin early next year at Garch-ing, near Munich. Page 4

EC radiation deadlock The question of what consti-tutes a safe level of radiation in foodstuffs in the wake of another nuclear accident left the European Community in deadlock and facing the prospect of a le-gal vacuum. Page 4

China may axe elders The Chinese Communist Party began a series of high-level meetings that could see the passing of a generation of elder-ly leaders. Page 25

Airliners grounded

Italian state airline Alitalia, and the country's Ministry of Transport, grounded all eight versions of the Franco-Italian Atr 42 commuter aircraft operated by national companies, following a crash on Thursday in which 37 people died. Page 4

Energy rationed Bulgaria introduced energy ra-tioning as part of a programme to keep the country's industry working at full capacity over the winter months. Page 4

Doubts over Samey Doubts over President Jose Sarney's ability to form a coherent Brazilian "national unity" gov-ernment increased after an announcement of ministerial changes was delayed for 48

Belgians swap insults

Belgium's coalition partners held talks to form a coalition government but members of the outgoing administration traded insults over who was responsi-ble for a political crisis sparked

US jet hits hotel

A US Air Force jet fighter tore the roof off a bank and explod-ed in flames in the lobby of a hotel at Indianapolis airport, killing at least nine people. Up to 25 people are missing.

Aguino on warpath Philippines President Cora Aquino declared war on her military and industrial enemies and promised a new order of tough and decisive rule. De pledge, Page 26

Lebanon school strike About 60,000 teachers seeking better wages launched an indefinite strike throughout Lebanon, closing 2,250 schools.

Delhi gunmen kili nine Sikh separatists opened fire with automatic rifles in running attacks on several south Delhi

neighborhoods yesterday, kill-ing at least nine people and in-juring 15 others. **East German amnesty** East Germany will release up to

40,000 people convicted on po-litical and other charges under terms of a previously announced amnesty program, a West German official said yesterday in Berlin.

Comrade's complaint The chairman of a Soviet collective farm went on hunger strike in protest against his dismissal Page 28

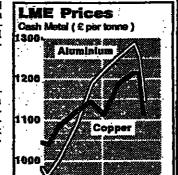
Business Summary

Icahn pulls out of offer for shares in TWA

ready own because of the dete

SRARS, ROEBUCK, largest US retailing group, posted record third-quarter earnings of \$409m, or \$1.09 a share, and said it remained optimistic about the fourth quarter and year ahead. Page 27

prices fell sharply in heavy trading on the London Metals Exchange amid turmoil in



world stock markets. Cash copper fell £102 to close at £1,113.5 a tonne with cash standard aluminium down £107 at £1147.5. Cammodities, Page 38

Sep 1987 Oct

CITICORP, largest US banking crricorp, largest US banking group, reported a sharp increase in third quarter earnings, though much of the gain resulted from exceptional items. The group still expects to make a total loss of 51bm this year because of the \$3bm provision it made against Third World loss in May. Page 27

ERICSSON, Swedish telecommunications and electronics concern, is selling its office equipment operations as part of the continuing retrenchment of its loss-making information systems division. Page 27

GOLD fell \$15.50 on the London bullion market to \$466.00. In Zurich it fell \$16.50 to close at

BOLLAR closed in New York at DM18195, Y143.95, SFr15030 and FFr6.0429. It rose in Lon-don to DM1.8080 (DM1.7770); to don to DML3080 (DML7770; to Y143.90 (Y141.70); to SFr1.5005 (SFr1.4760); and to FFr6.0375 (FFr5.9375). On Bank of England figures the dollar's exchange rate index rose 0.17 to 100.8. Page 39

STERLING closed in New York at \$1.6535. It fell in London to \$1.6550 (\$1.6805); but rose to DM2.9825(); to Y238.25 (Y238.00); to SFr2.48 and to FF19.9925 (FF19.9775). The pound's exchange rate in-dex fell 0.3 to 73.4. Page 39

CATERPHLAR, largest US manufacturer, posted a rise in third quarter earnings to \$146m or \$1.47 a share from a net loss of \$26m or 26 cents last year.

EQUITICORP HOLDINGS, New Zealand group headed by entre-preneur Mr Allan Hawkins, yesterday announced an agreed A\$324m (US\$234.9m) takeover of New Zealand Steel, which is 89

per cent owned by the Welling-ton Government Page 28 DAINIER RENZ of West Ger DAIMLER BENZ of West Germany, GEC of the UK and Sweden's Wallenberg group, which controls the Ericsson telecommunications company, are expected to take stakes in the French defence and electronics.

group Matra, which is to be pri-vatised next week. Page 27 SCHLUMBERGER, French-US olifield services group, bounced back with a third quarter net income of \$2m compared to a net loss of \$42m or 14 cents per share in the same period last

The Financial Times today publishes a survey on Global Equi-ties Markets. It was prepared be-fore the recent declines in stock markets around the world. Al-though most of the survey deals with trends and issues which are not affected by these events, some of the comment on the per-formance of individual markets is clearly out of date. Section III.

WORLD FINANCIAL markets swung wildly yesterday, despite almost unprecedented attempts by the US Federal Reserve Board to calm traders' panic.

Wall Street last night re-CARL ICAHN, chairman of Trans World Airlines, has with-drawn his proposal to acquire the TWA shares he does not albounded strongly after its disas-trous string of losses with the Dow Jones Industrial Average closing unofficially at 1841.01, up 102.27

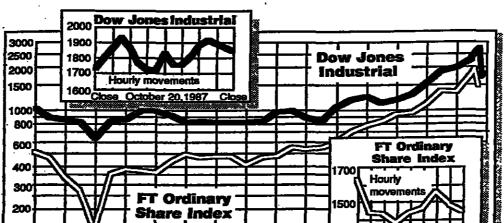
No. 30.368

COPPER AND ALUMINIUM

up 102.27
Although the market's rally of 6.2 per cent easily eclipsed the previous post-War record of 5.1 per cent set in May 1970, the jubilation was muted on Wall Street as shell-shocked traders staggered home after one of the most victous days of whiplash volatility the market had ever seen. FT-SE 100 index closed a record 250.7 points lower after one of the most volatile days in living memory. Together with Mon-day's 249.6 plunge, the London stock market has fallen 21.7 per cent this week. What turned the Wall Street

gain into a pyrrhic victory for many traders and investors was the gut-wrenching roller-coast-er action in the market, which at action in the market, which a started with a virtually explosive rally that took the Dow more than 200 points up in less than an hour.

THE WORLD'S leading finance



World markets swing wildly

despite Fed intervention

The trading volume, at factor moving stock prices of \$604.34m shares was slightly above the record set on Monday and almost double the number of shares changing hands on the previous busiest day.

Probably the most important factor moving stock prices struments from Federal funds to the Treasury's long bond Shortly before the market opened Mr Alan Greenspan, the fed's chairman, issued an extraordinary public statement, assuring the markets that it was

ready to pump money into the US economy to stop the Wall Street rout
The Federal Reserve, con-

sistent with its responsibilities as the nation's central bank, affirmed today its readiness to serve as a source of liquidity to support the economic and financial system, he said. His statement, combined with

signs of massive money market intervention and a surprising strengthening of the dollar, sent US bond prices soaring by around five points before the equity market opened. This laid the foundation for the stupen-

the foundation for the stupendous early rebound by blue-chip US stocks.

By late afternoon the Treasury long bond was up \$2 3/26 at \$94₁₅, a level at which it yielded 9.466 per cent. This long-term interest rate was almost a full percentage point below the peak hit on Monday. Meanwhile the Federal Funds rate which determines money market condetermines money market conditions was pushed aggressively downwards by Fed interven-tion, settling by lunchtime at 6% per cent compared with 7% per cent the previous night Equities in Europe and the US were whiplashed by soaring and collapsing prices for equi-

Continued on Page 26

The flurry of statements brought immediate gains for the dollar on foreign exchange mar-kets, but its initial favourable

impact on stock markets was ob-

scured by the subsequent vio-lent swings in both London and

Continued on Page 26

New York.

Captain pilots a tight ship through eye of the storm

By Roderick Oram in New York

MR ALAN GREENBERG, who MR ALAN GREENBERG, who demands a tight ship, was at his command post at Bear Stearns yesterday morning, just like any other day. Except it was not. He may be chairman of a leading Wall Street firm but he is a clenched hands-on executive. He always spends most of his har leading the Surely cavity.

day leading the firm's equity trading from his desk on the trading from his desk on the trading floor.
How did it feel to navigate his firm through the world's shattered financial markets?
'I feel fine. I feel like I always do. It's work,' he said. Clues to the mood abounded. Outside, the day was gloomy and overcast. Little could be seen through a battered old brass telescope from the Queen Mary down 50 floors from Bear Stearns to the Brooklyn Bridge

Stearns to the Brooklyn Bridge A lighted display case corral-led a motley collection of bulls. But was it unlucky there were

Apparently not. One was a small replica of the famous New York Stock Exchange statue of the bull locked in combat with the bear cast to mark the day Bear Stearns went public on Oc-tober 29 1985, 56 years and one day after the great bear ushered in the Depression. Bear Stearns is a firm of gut

traders with no time for such inxurious musing. The symbol for them is the Queen Mary's brass engine room telegraph and compass pinnacle just off the lobby. They are locked on steam and a westerly course.

The traders used to ring the bell in the trading room when they crossed huge block trades. Now it is silent. The unusual because came the ordinary, just as a 500 point downward move is now within everyone's compass.

Energy and concentration levels were again intense yester-day, but utter professionalism and a somewhat studied insouciance prevailed.

However, everyone was will-ing to admit the enormous strains the market's collapse and faint attempt at recovery had placed on people and systems. But both have survived

the US brokerage industry. On Monday it handled some 5 per cent of the NYSE's record 604m share volume. Mr Einbender, who developed the system for Bear Stearns, stayed in the office until early evening. Other people in the operations department stayed until midnight, Continued on Page 26

BY ANATOLE KALETSKY IN NEW YORK AND JANET BUSH IN LONDON 1300 Close October 20,1987Close

Limited success for moves to restore calm

ministers and central bankers yesterday launched a determined and co-ordinated attempt to calm the panic on major stock markets, but met with only limited success. Turmeil in financial markets, Pages 2, 3 ● Editorial comment, Page 24 ● Nightmares past and present, Page 24 ● Implications for UK man in street, Page 25 ● Lex. Page 26 ● Base metal prices fall en back of equities, Page 38 ● London report, Page 46 ● World markets Page 50 ● Vulnerability exposed, Page 50 In a barrage of official statements, they sought to underline their commitment to continued economic co-operation and to reassure the markets that central banks would stand behind their financial institutions. The statements followed a series of top-level telephone conversations: between ministers and central banks over the previous the previous 24 hours. Mr Alan Greenspan, chairman of the US Federal Reserve, moved to allay concerns that a restrictive US monetary policy day evening patched up the statements followed a series of top-level telephone conversations: between ministers and central banks over the previous the economic and financial system? New York dealers reported that the Fed was injecting funds into the money markets. West Germany, which on Montro to Europe to return to Washing-day evening patched up the could exacerbate the crisis by announcing that the central banks over the previous the economic and financial system? New York dealers reported that the Fed was injecting funds into the money markets. West Germany, which on Montro to Europe to return to Washing-day evening patched up the quarrel with the US which had to a number of other finance alide, announced a small cut in returned from Texas to Washing-day evening by the province of the US which had to a number of other finance alide, announced a small cut in returned from Texas to Washing-day evening patched up the could exacerbate the crisis by announcing that the central bank was ready to serve as a side, announced a small cut in returned from Texas to Washing-day evening patched up the could exacerbate the crisis by announced a small cut in returned from Texas to Washing-day evening patched up the could exacerbate the crisis by announced a small cut in returned from Texas to Washing-day evening patched up the could exacerbate the crisis by announced a small cut in returned from Texas to Washing-day evening patched up the could exacerbate the crisis by announced a small cut in the could exacerbate the crisis by announced a small cut in t New York. There were indications that the Group of Seven industrial nations - the US, Japan, West Germany, France, Britain, Canada and Italy - had agreed informally that each would act to ensure that there was sufficient liquidity in their financial mar-

one of them was Mr Stuart
Wheeler.

At 1.30 pm he could be observed at the symbolic heart of the City - standing on the steps of the Royal Exchange building, home of the London International Financial Futures Exchange, with the Bank of England to his right and the Stock Exchange tower behind.

Attired in pinstripe suit, navy

suitably dismal drizzle, past the root of all evil') and Provents creating the root of all evil') and Provents chapter 5 (The love of money is newspaper placards screaming the root of all evil') and Provents chapter 5 (The love of money is newspaper placards screaming the root of all evil') and Provents chapter 10, verse 21 (The blessing of the Lord, it maketh rich, and he added no sorrow with it."

But there was sorrow and numbed bewilderment aplenty in the City yesterday as traders tried to come to grips with a second days may have been bad busing markets. Yesterday, however

petition in the car market.

Mr Madelin argued yesterday that the compromise, which is expected to be adopted by the cabinet soon, would guarantee and enhance competition.

The Government now plans to have bowed to the pressures from Peugeot and the Et by proposing a compromise which will not involve any state cash for Renault.

Mr Madelin also said that to

and enhance competition.

The Government now plans to introduce legislation to change the special status of Renault as a "regie", or privileged state group, and turn it into what Mr Madelin said would be an 'ordinary company'. As a regie Renault benefited from what has been tantamount to a blank cheque from the Government to a blank cheque from the Government.

Mr Madelin also said that to allay any remaining EC worries, the Government would pledge not to grant any further financial support once Renault's status had been changed.

He said that to allay any remaining EC worries, the Government would pledge not to grant any further financial support once Renault's status had been changed.

He said that to allay any remaining EC worries, the Government would pledge to group, and turn it into what Mr would be pledge to group, and turn it into what Mr would be pledge to group, and turn it into what Mr would be pledge to group, and turn it into what Mr would be pledge to group. The said that the agreement would pledge to group, and turn it into what Mr would be pledge to group.

He said that to grant any further financial support once Renault's status had been changed.

He said that the agreement would pledge to group, and turn it into what Mr would be pledge to group.

cheque from the Government car groups. He added that the since the company, despite its balance sheet restructuring huge losses and debts, was protected by its status from bank-pact on Renault's operating re-

change Renault's legal status, it ment intends to write-off in-must first restore its balance volve loans at very low interest sheet to the black Originally, rates advanced by the state.

the authorities are understood Renault currently has debts to have envisaged making a matotalling more than FFr50bn. jor capital injection of about This will mean that the write-off FFr10bn to cover the company's will not have a major impact on

meds.

But this provoked an angry reaction from Peugeot whose chairman, Mr Jacques Calvet, threatened to resign if the Government went ahead with an operation which he felt would severally distort competition and several many series of the company's net worth.

The Government, and Mr Maeration which he felt would severally distort competition and several s

erly distort competition and lems before next spring's undermine his company. parliamentary elections

Indian Army ...

sults.
Indeed, the debts the Govern-

France agrees to write off

FFr12bn of Renault debt

THE FRENCH Government has risked seriously distorting com-

agreed to write off about FFr12bn (\$2.02bn) of Renault

debt as part of a long-awaited

compromise solution to restruc-ture the finances of the state-

owned car group.

However, the Government has decided not to grant Renault a large injection of state funds to bolster its balance sheet, which

is currently showing a negative group net worth of FF19bn. Mr Alain Madelin, the Indus-try Minister, said yesterday that Benault would not be allowed

to set its accumulated losses of the last few years - totalling

about FFr27bn - against tax on future profits. The group is now

expected to report net earnings of between FFr2bn and FFr3bn this year, after several years of

huge losses.
Although Mr Madelin claimed

that the controversial issue of Renault's balance sheet res-tructuring had now been re-solved, there may still be some

opposition from the group's main competitors.

main competitors.

The European Commission and the private Peugeot-Citroen car group, Renault's main domestic rival, have both been worried by the Government's earlier Renault recapitalisation proposals, fearing that they

A touch of biblical joy amid the City's bewilderment

RELAXED, contented people overcoat and a somewhat Yesterday he was pointing any- er, was probably even more Many others, however, system but both have survived were thin on the ground in the anachronistic bowler hat, Mr one who cared to ask to two bib- difficult to handle than Monday, seemed far more equable. Mr so far.

City of London yesterday but Wheeler looked out through the lical passages: One Timothy, when for most of the time the Michael Sergeant, of Warburg Bear Stearns has probably one of them was Mr. Stuart suitably dismal drizzle, past chapter 6 (The love of money is market had been moving one Securities, said he had never the largest settlement system in

3pm it was a mere 67.2 points down, yet by the close it had slumped again, to close down Monday. 250.7. There

market had been moving one securities, said he had never way. Yesterday saw extraordises he group's trading floor as nary gyrations upwards and busy as yesterday, partly bedownwards: at noon, the FT-SE cause of the volatility of the 100 index was down 304.1 By market and partly because 3pm it was a mere 67.2 points there was better two-way buying and selling of shares than on

250.7. The conditions required very strong nerves and quick reflexes among market-makers. "There's never been a day like toped pretty well. The human being is a very resilient animal."

How much is your business worth? THE ACCUISITION and merger mega-deals which grab the headlines are only the tip of the iceberg. Every year legious of

ambitious companies of all sizes grow by acquisition — and their targets: are usually small (frequently very small)

How much is your business worth to a potential buyer—today? The book Buying a Rusiness is the best help we have found. It's skinny. It's expensive. But it contains elite professional advice worth thousands from leading consultants Arthur Andersen & Co). In fact it is aimed fair and square at the buyer. But that is

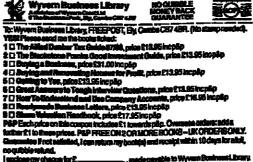
By discovering exactly how your company will appear from the outside, you can begin to take creative steps now to transform its value. (Perhaps using PR to 'talk up the price' by emphasising your value-enhancing virtues.) Then you have given yourself the option to cash in at any time on your

Buying a Business, £30.00 + p5-p, 192 pages, hardback. Coupon below: tick 2

Calculating share values

SHARE VALUATION HANDBOOK is the best available for estiing down to the nitty-gritty of calculating share values. It is intended as a handbook for professional valuers (aspecial-ly accountants). But it is so well written that you do not need to be an accountant to use it. Dividend, earnings, asset hybrid and combination bases, And which to use when All the expert techniques are here. Share Valuation Handbook, £16.95 + p8p, 212 pages

rdback. Coupon below: tick 9



20353-5544

IN BRIEF

Allied Dunbar tax guide wins accolades

Detailed but clear Easy to use Excellent specific tax-saving hints. "The best book ever written on taxation" — Daily Telegraph. "No other tax book compares" — The Times. "Covers everything... in plain language" — Mail on Sanday. (The Allied Dunber Tax Guide, new 87/88 edition, £12.95 + p5p, account has these Courses below left tick 11 350 pages, hardback. Coupon below left: tick 1). **Investment verdicts**

Clearly-reasoned salesman-free advice on 80 different types of investment. From PHI to racehorses... from leasing equipment to woodlands and zero coupun honds. Uninhibited independent expert verdicts on each. (The Blackstone Franks Good Investment Guide, £12.95 + p6-p, 127 pages, hardback. Coupon below left tick 2). Renovating houses for profit

How to convert hard work and a shoestring into real

money. Hands on expertise from two renovators – one DiY-man, and one professional renovation-company director. (Buying and Renovating Houses for Profit, £12.95 + p5-p, 135 pages, hardback. Coupon below left: tick 4. Company accounts made

painless A truly excellent book. Jargon-free. And very clear.

Turns non-accountants into experts - painlessly. (Row to Understand and Use Company Accounts, £15.95 + p5-p, 221 pages, hardback. Coupon helow left: tick 7). Get to yes every time

How to reach agreement without giving in. The Principled Regulation system is intelligent, power-ful, sensible – and it always works. (Getting to Yes, £12.95 + pôp, 161 pages, hardback. Coupon below left: tick 50

Ready-drafted letters

Use them as they are or steal ideas. Over 80 business subjects. Arm your secretary with a copy too, and get ready-drafted replies with your incoming mail. Readymade Business Letters, £12.95 + p6-p, 176 peges, hardback. Coupun below laft: tick 8).

Tough interview questions

In fact written for interviewees. But contains just 55 pages of pune gold for interviewers – over 70 incredibly revealing questions. (Great Answers to Tough Interview Conestions, £12.55 + pSp, 119 pages, hardback. Coupon below left: tick 6).

Енгоре. Companies ... America .. Companies. Overseas. Companies . World Trade ..

Agriculture

re-special Puteres . Wall Street

PEACE PLAN

decide which camp

POSES IMPOSSIBLE CHOICE FOR HONDURAS

Management: Sommer Allibert's varia-Lex: Another look at the markets 26

Financial markets: Assessing the tur-

Sri Lanka: Fear of mistakes hampers

Technology: Gathering pace of micro-

raptcy.

Before the Government can

Editorial comment: The policy response; Phased plan for electricity .. 24 Punishing fraud: The part prison

CONTENTS

Men and Matters Money Markets ... 12-15 Rritain ... 32-35 Companies Raw Materials.

> 46-43 Unit Trusts ..

President Jose Azcona must now

he can dare to offend, Page 6

engineering Lendon: Parliament to face a stormy tions on a theme should play ..

Classic

speculative

Stefan Wagstyl reports on the undisguised panic accompanying 'a fall nearly five times greater than the previous record

Frenzied inactivity takes hold of Tokyo's traders

Stock Exchange yesterday.
Traders with pockets full of sell orders were rushing around

in a desperate search for purchasers. Anyone brave enough rounded by dozens of arms frantically waving hand signals. After each sporadic trade, hundreds of dealers in their white shirts and blue suits would burst into spontaneous would burst into spontaneous applause - out of relief that a single trade had been done. High above them stock screens showed how the collapse in prices which began last week on Wall Street had at last reached Tokyo with a vengeance. By the close, the Nikkei average of 225 leading stocks was down by 3,838,48 to 21, 910.08 - a fall nearly five times greater than the previous record.

cord.
For most of the day, the trad-

ers were powerless. With no buyers to match the would-be

nancial district, passers-by crowded around stockbrokers' offices to watch the prices screens. The popular reaction was to blame the Americans. People are selling because of Wall Street, said one middleaged executive 'It's not because of Japan."

The Finance Ministry, the Bank of Japan and leading financial institutions tried to maintain calm. Mr Kiichi Miyazawa, the Finance Minister, said there was nothing to worry

Mr Hajime Tamura, Interna-tional Trade and Industry Min-ister, said the progress of inter-national co-operation in economic policy co-ordination made a repetition of the Great

Depression unlikely.

However, behind the scenes, the Finance Ministry tried desperately to restore some stabili-ty to the market, by informally asking the "Big Four" Japanese stockbrokers - Nomura, Daiwa, sellers, the world's second largest slock market was a scene of
frenzied inactivity. Only in the
last two hours of the day did
some buyers emerge. Even so, four bought a handful of heavy

The impact of the Y57,400bn (\$405bn) on-fall on Japanese investors will clearly hit specula-tive investors hardest. Both pri-pan's eight stock exchanges (at

The importance of credit in funding the stock market was

Stockbrokers and economists are convinced that the immediate course of the market will be fixed by Wall Street. There are no longer suggestions Tokyo can stand alone when other markets are falling

individuals corporations throughout the buil market have been involved in zaitech - that is, borrowing money in order to invest in stock and bonds.

The drastic consequences of taking too many risks were brought home in the summer by the affair of Tateho Chemical Industries, an Osaka-based chemicals company with net as-sets of Y16.5bn which lost Y28bn dealing in bond futures. There were no signs yester-day of another corporate disaster. But Mr Noboru Gotoh, president of the Japan Chamber of

the Finance Ministry's request) to ease credit controls on inves-tors. The maximum level of borrowing on the security of stocks will be raised from today from 60 to 70 per cent of the value of the underlying collateral.

But, for the moment at least, most industrial companies, not

to mention Japan's huge life as-surance groups, insurance com-panies, and pension funds, are panies, and pension lunds, are unlikely to be in any danger. First, much of their invest-ment - particularly overseas -has been in bonds, not in equities. Secondly, most investors have accumulated large unreal-ised gains in the stock market. kei average back to where it was

Yesterday, the Long Term Credit Bank spoke for most in-stitutional investors when it said it was not trying to sell but just watching the market and waiting to see what would hap-pen. There was a safe haven for funds yesterday in the bond market which performed strongly on reports that leading industrial nations were stand-ing by agreements to maintain stable exchange and interest rates. The Bank of Japan en-dorsed statements made by Mr James Baker, the US Treasury

James Baker, the US Treasury
Secretary, and Mr Gerhard Stoltenberg, the West German Finance Minister, after a meeting
on Monday.

Nevertheless, the experience
of the last few days will leave
Japanese institutions wondering about the merits of diversifying their investments, esperying their investments, especially abroad. A big push in 1985-86 into US Treasury bonds resulted in heavy losses when prices fell. Now a tentative exces fell. Now a tentative ex-usion of investment in equi-long-run the Tokyo market

were acutely aware of a relative lack of information about foreign markets. They are likely to be even more conscious of that lieve that the fall in the stock need after the events of the past market would necessarily lead

few days.

But, for the moment, investors minds are focused not on long-term strategy but on short-term tactics. Stockbrowers and economists in Tokyo are convinced that the immediate course of the market will be de-termined by Wall Street. There are no longer suggestions, as there were on Monday, that Tokyo can stand alone when other markets are falling - though it should said that Tokyo is only 17 per cent off its peak, against 37 per cent for New York.
Mr Ron Napier, an economist
at Salomon Brothers, the US in-

vestment house, said: "If New York continues to sell then Tokyo will follow."
But some Japanese economists stressed there was no un-

bubble THERE WAS no disguising the panic on the floor of the Tokyo market hit list peak ties could well have hit some inshould not recover independent on traded at all.

Kobe Steel) in the afternoon, the result of excessive money Stock Exchange yesterday.

On the streets of Tokyo's fi-but they failed to stop the rot.

On the streets of Tokyo's fi-but they failed to stop the rot.

Stock Exchange yesterday.

On the streets of Tokyo's fi-but they failed to stop the rot.

Stock Exchange yesterday. bursts sion fund manager said last and strong domestic growth week that Japanese institutions would underpin the growth of What is it that can cause the profits. While a slump in US de-mand would hit exporters, world's main equity markets to lose more than a quarter of their value in less than a day and a half? Certainly nothing to lieve that the fall in the stock

to a sudden decline in the real economy in the US, said the economists. They argued that the Japanese economy had already proved to be remarkably resilient in the face of a decline in export growth as a result of the rise in the yen. In the current fiscal year the economy is expected to great the seconomy is expected. pected to grow at a rate of 3.5 per cent - despite a 1 per cent decline in overseas demand. But other economists pointed out that Japan could not escape from the effects of future shocks in the US economy

Mr Kazoaki Harada, managing director of Sanwa Research In-stitute, said that if Japanese investors stayed away from a \$28bn offering of US Treasury stock due next month, then



ELDERS CHIEF PROVIDES RARE BREAK IN STORM OF SELLING Sydney mood darker after Black Monday

BY CHRIS SHERWELL IN SYDNEY

AFTER "BLACK Monday," which saw a record one-day point fall in the Australian maret on the first day of the week, share market investors lacked a suitable colour to describe yes-

shitable colour to describe yesterday's plunge, which was
more than six times as large.
Appropriately, Sydney's skies
were leaden. Despite the soaking drizzle, scores of people
gathered outside the stock exchange, starling transfixed at a
mesmerising public screen mesmerising public screen which dutifully reported the relentless decline in every index.

Inside, pandemonium reigned as traders quickly marked prices down 20 per cent in line

Share falls

'lunge out

of clear sky'

This was how John Kenneth Galbraith described the after-

of world recession.

So far, there have been no re-

ports of Yuppies jumping out of New York windows even though

Wall Street's fall on Monday far

wan steed that of Black Thursday 1929 when the market fell 12.9 per cent and a further 11.7 per cent the next day.

age fell by 508.32 points, a one-day decline of 22.6 per cent. On-ly on December 12 1914 had

Wall Street tumbled more in

In London, shares also experienced a record decline as the

day yesterday, the index had lost 304 points; by 3.30 it had

pulled back to within 70 points

of its opening level but then crashed again in response to a

Never has London experi-

enced such a short, sharp shock. By contrast, the decline in

7.1 per cent on March 1 1974 as a

result of an election stalemate.

it was not until the February of

the following year that the mar-

ket reached its nadir. It had taken two years for the FT industri-

al index to slip from 490 to its

Mr Kenneth Ingliss, head of research at stockbrokers Phi-

lips & Drew, then a novice

to dust recalled: "That was

death by a thousand cuts. This is a single lunge out what ap-

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurter Societies: Druccherel-GmbH, Frankfurt/Main, Responsible editor: D. Arbino, Frankfurt/Main, Geioliettstrasse 54, 6000 Frankfurt am Main I. Telt. 75980; Th. 416193; FAX: 722-77. S. T. Financial Times Ltd. 1997. Financial Times Ltd. 1987. Financial Times Conditions and Indicate Societies postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: Financial Times, New York, NY 10022.

peared to be a clear blue sky.

low point of 146.

Sharp shock

one trading session.

According to one analyst, the most vulnerable stocks were of companies headed by well-known entrepreneurs, with themselves yesterday were Mr

slump, only to find sellers still which prompted stock dispos-scrambling unsuccessfully for als, and futures players and oth-buyers. The decline was still go-ing when business ended hours later.

According to one analyst the

most vulnerable stocks were of companies headed by well-known entrepreneurs, with high gearing or with large US exposure. Financiers with corporate structures involving a large number of quoted companies - a common feature in Australia and New Zealand - were doubly vulnerable, he said.

The big sellers were reckoned to be mutual funds whose unit

lia is undoubtedly helped by its fabulous resource base - although if the slump provokes a worldwide depression, demand may be slack. Its government has also taken some of the economic adjustment nomic adjustment measures which are now needed in the US.

Whether these factors mean Australia can weather the storm, however, is another matter. Even old hands are experiencing something new, and yesterday few people were prepared to predict what would happen today, let alone in the coming year.

Jury still out on programme trading BY ALEXANDER NICOLL

The New York Stock Ex-change believes that computer-related investment strategies worsen the problem. Yesterday, it asked members not to work. it asked members not to use its order delivery system for arbi-trage-related block trades or any other aspect of programme trading after the opening.
Since so-called programme

trading became a common the nomenon in the US market more than two years ago, its critics have warned that it causes extreme volatility. Their worst nightmare appears at first sight to have been realised this

The evidence - tentative at

this stage - does not, however, point the finger specifically at computer-generated orders and the various complex investment strategies which employ them. Computer technology and im-proved telecommunications have changed the nature of world stock markets, bringing instant price and news informa-

tion from around the world to the desks of every professional trader and investor. The re-sponses to that data - sell or buy orders - may be more rapid, syn-chronised and international than they once were, and in this sense technology might appear to accelerate market move-

When people talk of computwhen people tark of comput-er-generated orders, however, they are generally referring to strategies involving interplay between the stock markets and stock index futures and options. and growing market in such arbitrage strategies, the business remains tiny by comparison with the US.

Analysts said simple stoploss selling was seen in the UK mar-ket on Monday, triggered by computers as prices fell. But arbitrage-related selling would have had a relatively insignifi-

DID COMPUTERS cause the cant effect even though the crash? Or did they accelerate Stock Exchange's equity options it? Or did they have no effect at market faces an expiry date to-

strategies raise much more serv-ous questions. "Programme trading causes the sale or pur-chase of large baskets of stocks automatically triggered by com-

often, the orders represent arbitrage: the computer spots a gap between the price of a stock index future and the stock mar-ket, and makes opposite transactions in each to lock in a risk-free gain. This created the phe-nomenon of triple witching hour when huge volumes of fu-tures contracts and shares were transacted in the last few min-utes before the quarterly fu-tures and options expiries, causing big and unpredictable swings up or down.

More recently, however, the big discepancies have been ironed out, arbitrage has become less profitable and the tri-ple witching distortions have

been ironed out.
Perhaps a more likely culprit is a newer technique, known as portfolio insurance. US investors have had more than \$50hn of their portfolios protected through insurance schemes which allow them to hedge their portfolios against a decline in their portfolios' value below a certain level.

As stock prices fall, the com-As stock prices tan, the com-puterised schemes typically trigger sales of stock index fu-tures on a scale which will mean that the investor becomes totally hedged by the time the market falls to a pre-deter-mined level. The investor hangs on to his stocks, but is protected from their decline.

On Monday, such schemes would have triggered many sell orders in the futures market, and this could have accelerated the fall.

Chicago halts index option trading

By Deborah Hargreaves In

THE CHICAGO Board Options Exchange halted trading in all index options in mid-morning yesterday, a lead soon follwed by other futures and options market authorities.

The CBOE's halt affects the Standard & Poor's 100 index options and S&P 500 index ontions. Under CBOE rules, at least 80 per cent of the under-lying stocks must be trading for the options to trade, said Mr Charles Henry, president. Mr Henry said the reason for

the halt was because trading in many of the underlying stocks was stopped in New York. Earlier, some optimism re-turned to Chicago's futures and options markets after Monday's

Risk-takers

"I think there's a realisation that it was overdone, said Mr John Downey, a market maker in the CBOE's S&P 100 option, which fell about 60 points on Monday. However, Mr Downey stressed: We're just trading, we

have no idea where the market is going to go."

There were few risk-takers in

Monday's market, he said, as traders tried to get their bearings on a wildly swinging mar-ket About 24 seats on Chicago's

futures and options exchanges were sold on Monday as traders tried to recoup losses on plung-ing stock index contract values after Wall Street's crash. Traders at the Chicago Mercantile Exchange and CBOE, dealing in such derivative stock

market products as the S&P 500 stock index futures and the S&P 100 option, have suffered losses as both fell by record levels in Monday's markets. Chicago's usually resilient (u-

tures traders were shell-shocked by Monday's moves.

Scramble

Bouts of frantic selling pushed the S&P 500 futures index down by a record number of points. But many local traders -those who trade for their own account - stood looking glum at the wild swings in the index.

"A lot of people are too stunned to trade, one S&P 500 futures trader commented. T can't see why any locals would risk being in there."

The CME called an unprecedented session in the middle of the night after Monday's market drop, from midnight to 3am, to match up trades overlooked in

These out-trade sessions usually occur before the morning's market opens as all trades have to be matched before the next day's trading can begin.

Last week's worse-than-ex-pected US trade deficit figures and the attack by Mr James Baker, US Treasury Secretary, on West German economic policy undoubtedly had an unsettling effect on prices, which the sub-sequent hurried attempt to reestablish harmonious relations did little to diminish. But that scarcely explains a vertiginous 1929-style plunge. This week's events have all the hallmarks of a classic speculative bubble be-

ing pricked.

The characteristic signs of a bubble are to be found when investors cease to pay attention to the fundamentals and lay out money on the assumption that prices can only go up - an apt enough description of what has been happening in the larger

markets around the world.
In the US, for example, much In the US, for example, much of the junk bond financing pioneered by Wall Street investment bankers has been provided to companies that are in no position to service the debt from their existing earnings; the implicit assumption is often that the debt will ultimately be repaid out of rising asset prices. The phenomenon which best exemplifies the remoteness of

Wall Street from economic fun-damentals, however, is computerised program trading Buying and selling orders, often involving interplay with the futures and options markets, are triggered on the basis of share price movements that breach programmed market or share price movements that breach pro-arranged market or share price levels. This computerised knee-jerking helps explain both the savage nature of the plunge on Wall Street and the sharpness of the rebound yesterday morning.

It is the Tokyo market that probably has the greatest claim to have lost touch with fundamentals. Even after the disastrous plunge yesterday NTT. the

trous plunge yesterday NTT, the recently privatised telecommurecently privatised telecommu-nications concern, was still val-ued at nearly three hundred times earnings. And the Japa-nese companies that practiced Zaitech, the form of financial engineering that involves bol-stering corporate earnings through stock market specula-tion, have not gone in for much fundamental analysis or finan-cial control.

Many have been borrowing at

Many have been borrowing at relatively high interest rates to invest in a stock market whose

US Total Returns Dec 1986=100 140 1987

Source: Philips & Orest average dividend yield is less than half a per cent. In other words they can only service the debt through speculative deal-ing profits which have suddenly become elusive.

Deficit financing, as this practice is sometimes known, is also a characteristic of the activities of many Australian entrepreof many Australian entrepre-neurs who have been putting companies "into play" in foreign stock markets. Much of Austra-lia's burgeoning external debt consists of private borrowing to finance speculative deals of this kind. The collateral for much of this debt will have been wiped out by then collapse in the markets. And in many cases the income on the related securities will be inadequate to cover interest costs.

cover interest costs.
Given the disproportionately large role played by the Australian dollar in the international financial markets in relation at the size of the domestic econo-my, the backwash of bankrupt-cies will be felt outside the

home country.

How readily does the British bull market fit the definition of a speculative bubble? There is a strong case for suggesting that the kind of deficit financing that took place in the property market in Britain in the early

1970s is now being repeated in the securities industry.
According to the Government's Financial Statistics, to ment's Financial Statistics, to-tal lending to the securities business between November 1986 and May 1987 went up by a third to £16.8bn - at a time when new entrants and new capital were coming into the sector on a massive scale In other words borrowings were escalating at just the mo-

were escalating at just the mo-ment when the industry's prof-its were coming under unprece-dented pressure. It is a fair bet that the figure by that the figure has increased still further since May, because of the need to finance unsettled bargains while the securities firms sort out their back office administrative systems. Now the collateral for much of this borrowing has been squeezed, giving rise to fears about the solvency of at least one leading British-owned banking and securities conglomerate. It may be that financial control has become a victim of the rheteria of come a victim of the rhetoric of

Shun Tak tops world league of worst performing shares

SHAREHOLDERS in Shuz Tak Enterprises have had a bumpier ride in the past week than any SPECULATORS were burling themselves from windows; pe-destrians picked their way deli-cately between the bodies of fallen financiers." ride in the past week than any of the passengers in the hydrofoils the company operates between Hong Kong and Macao.

In fact, the 86.7 per cent fall in its share price, from HK\$25.50 to HK\$3.40, in the week to Monday appears to have gained Shun Tak the unwelcome distinction of being the world's worst performing share over the ath of Wall Street's collapse in his book The Great Crash. The book outlined the events of October 1929 when plunging share prices ushered in a deworst performing share over the tempestuous seven days. Trying to sort the biggest los

ers from the relative winners over the last five days throws up few distinct patterns, with special national factors dominating most markets - composite insur-ers, for example, leading London down with a 15 per cent de-cline in the wake of last week's Almost exactly 58 years later, the Dow Jones industrial aver-

storms. Nevertheless, exposure to interest rates was one explanatory factor.
The relative certainty of divi-

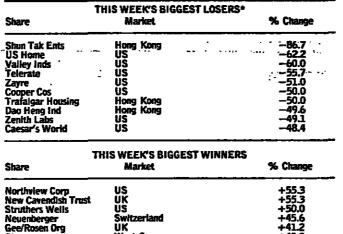
dend payments on electric utili-ties - and higher yields after previous falls in share prices -made them the third best performing US market sector as calculated by Standard & Poor's, with a loss of only 14.3 per cent in the five trading days

FTSE 100 index fell by 249.6 points, falling by more than 11 per cent on Monday and by slightly more yesterday. By midto Monday.

Of the 800 largest US companies, only Potomac Electric, the utility serving the Washington the Telerate should be used information the Telerate should be used in the Telerate should be used to the Telerate share price over the five days. The move away from equities was underlined by the two best peforming US sectors, invest-ment companies - mainly bond funds - which lost only 8 per cent and real estate investment companies, with an 11.6 per cent decline, 1973-74 was a long drawn-out affair against a background of political uncertainty, rising inflation and industrial turmoil.

Although the market fell by

Shun Tak received the international wooden spoon for no more weighty reason than the deflation of recent speculative rubber compactivity, but with a market capitalisation of less than HK\$300m (US\$38.9m) it was small fry in



+40.0 +38.5 +30.2 +29.0 +24.1 Japa UŠ UK Greenall Whitley A

sebuilder, fell on the prospect of higher interest rates, while the idea that Wall Street job cuts and a bear market would depress demand for screenbased information services cut the Telerate share price by

For similar reasons, Reuters' 24.2 per cent loss put it firmly in the top 10 losers among large UK industrial companies.

The worst-performing US market sector as calculated by Standard & Poor's was leisure companies, which showed a 39.6 per cent fall, followed by a 36.9 per cent decline in miscella-neous financial groups such as American Express, and tyre and rubber companies, which lost

Around the world, but espe-cially in the US and UK, big any case compared with the US winners were few and, frankly, losers which came next in line.
US Home, the largest US hou-formers, San Diego-based motel

group Northview in the US and the British property group New Cavendish Trust, were both the subject of takeover bids.

Of the other UK companies in the best performing 10, clothing retailer GeeRosen and brewer Greenall Whitley rose after disclosure of large share stakes and only Pochin's, the contractor and plant hire group, could point to the appropriement of point to the announcement of better than expected results. Its shares, however, are thinly traded.

And for a market which fell out of bed so conclusively, one could take some ironic satisfaction in the only two UK Datas-tream industrial groups which managed to advance in the week to Monday - furniture and bedding, and floor coverings. It remains to be seen if the market is able to crawl back off

Yuppy lifestyle may be ending

"ON A day like this, shouting and running about is the easiest way to do it," said Mr Ian Marsh, a salesman with Philips & Drew, yes-

Mr Marsh, aged 26 and one of the City's new breed of young salesmen, was doing his fair share of shouting and running about. It was, he said, "the most extraordinary day." Monday, by comparison, was "remarkably calm."

Like other young City equity salesmen, Mr Marsh has had to learn quickly how to live with falling markets. In his three and a half years with Philips & Drew and, before them, Ackroyd & Smithers, the stock jobbers, he had seen nothing before this week except sharply rising share prices. But now he talks about Monday's losses as though they had been expected all the time.

None of us were that surprised, he said. We knew the market had come up an enormous amount. That's why the market was so calm. But today, there was a lot more fear in

Mr Marsh exemplifies many young City salesman. His manner and his way of life are typical of the young men and women drawn into the City by the long bull market of recent A science graduate from Dundee University, Mr Marsh's life has many of the trappings of the successful City salesman. He lives in West Kensington, drives a Scirocco, and keeps a horse for point-to-point events. He admits to a mildly expensive way of life: Such a way of life may be drawing to a close

Such a way of life may be drawing to a close for some of Mr Marsh's contemporaries, hastened by losses suffered by their employers. The point has already been brought home, said Mr Marsh, by the redundancy of a friend who had worked in the City.

"We know the score here. We're very highly paid in a very high risk industry," he said.

makes him unfit for the market's behaviour this week, or that he needs to look to older colleagues at such moments of crisis. "I can certainly relate to what's going on," he But keeping tabs on the market was proving

He denies that his relative inexperience

exhausting yesterday afternoon - particularly after a night spent entertaining clients at the Savoy on Monday.

By the end of yesterday, Mr Marsh was planning a quiet night. "You just feel absolutely battered," he said. "Yes, I've thoroughly enjoyed it today and yesterday. But I wouldn't

535 581



Philip Stephens reports on efforts to reduce the risks for the world economy

The stakes are too high for squabbles

CRASHING STOCK markets are not a signal that the world economy is moving from recovery to recession. That was the careful to restore the international ly concerted message from fi-nance ministers of the leading industrial countries yesterday. It is hard not to sympathise with the view that nothing has happened in the real world over the past few weeks to justify such a speciagular college. But such a spectacular collapse. But it seems equally clear that the very fact of the slide has considerably enhanced the risks of an economic shims

economic slump.

That perception was implicit in the rapid rapprochement be-tween the US and West Ger-many on Monday evening, in Mr Alan Greenspan's statement of the Federal Reserve's willing-ness to act as lender of last re-sort, and in the Bundesbank's retreat on West German interest rates.

estrates.

According to senior European monetary officials involved in hectic telephone consultations between capitals over the last few days, all governments are agreed that the stakes are now too high to allow the luxury of public disagreements.

The reaffirmation of February's Louves currency according

ary's Louvre currency accord and the perception that national monetary policies may be once again be complementary rather than confrontational appeared initially at least to have

A stonger dollar and soaring bond market temporarily at least injected a note of confi-dence. On Wall Street, buyers as well as sellers once more ap-peared on the trading floor be-fore the fear of bankruptcies rekindled earlier panic.

much for their own good and that something dreadful would

happen.
This week, that something dreadful happened - but it was not quite what the Jeremiahs had in mind. The conventional

wisdom was that interest rates

wisdom was that interest rates would soar and bankrupt highly-indebted individuals and
companies, including whole industries such as casinos or cable television, which have
grown through heavy debt financing and next to nothing else.

In fact, the opposite occurred: interest rates tumbled on Mon-day as investors raced out of

day as investors raced out or stocks into interest-paying bonds. And yesterday's drainat-ic efforts by the Federal Re-serve to bolster the market with

liquidity sent interest rates even lower.

The problem is elsewhere in America's balance sheet Mon-

day's stock market fall has un-

dermined the asset values that provide the basis, however rick-

ety, for US corporate and pri-vate borrowing. And it raises

the spectre of economic reces

sion, which will eat deeply into

the cash flows available for in-

terest payments - whether on

There were always two very bad prospects, says Mr Jim Grant, a Wall Street credit ana-lyst and publisher of Interest Rate Observer. One was that in-terest rates would go up. The

calculate up-to-date unit prices that were fair and accurate.

Other groups continued desling, but on prices that had been

wave of selling, in spite of the

drop in the market.
Mr Paul Bateman, marketing

director of Save and Prosper, said that his experience was

junk bonds or mortgages.

DROP UNDERMINES ASSET VALUES

economy to a more even keel.

'All I have seen so far is what might be described as fire-fighting", commented one European finance ministry official.

There were also plenty of economists both in financial markets and in official posi-tions who were far from con-vinced that shoring up the dollar will provide a durable

Perhaps the most important economic message from the stock market collapse has been that investors are no longer persuaded that the the present jux-taposition of international trade imbalances, budget posi-tions and exchange rates are sustainable - in particular that the US economy can continue to grow faster than most of the rest of the world with monthly trade

IMF report to finance ministers warned that on the basis of current policies and exchange rates the US would still face a current account deficit of \$160bn. Financial markets would be unlikely to accept that

and might respond by pushing the dollar down by a further 15

FOR YEARS, people have been saying that US companies and households have borrowed too much for their own good and creased materially because of about \$50bn worth of their equi-

the stock-market break. The fi-nancial economy is just so im-portant now that any meaning-ful break will have a profound

effect on the economy as a

Mr Martin Dubilier, a leading specialist in taking companies private through highly leveraged buy-outs, said: "The big fear is that consumer unrest will bring on a recession."

For individuals, the stock market collapse could be shattering Many private investors buy stock on "margin" - by putting up only 50 per cest of the purchase price in cash: But if the stock price falls, their brokerage houses may ask for additional cash.

These "margin calls" against

falling asset values as investors

liquidate other securities.

works of art or real estate. In

EXTREME stock market volatility worldwide resulted in some British unit trust groups suspending dealings in units yesterday, claiming they could not trust groups and then sell when conditions had stablised.

GT Unit Managers was one day night's price.

GT Unit Managers was one day night's price.

Certain groups, such as Sun pletely. Mr Mark St Giles, its Life Trust Management,

lated fater in the day.

It was green to unitholders remaining.

It was green to was a few moving rapidly it is necessary for unit wave of seiling, in spite of the unit a fresh valuation of prices as frequently as possible.

unit prices could be made.

Fall pinpoints holes in US balance sheet

whole."

Mr Martin Dubilier, a leading specialist in taking companies private through highly leveraged buy-outs, said: "The big fear is that consumer unrest will bring on a recession."

For individuals, the stock market collapse could be shat-

particular, the Manhattan property market - until now one of the UK's Mr Robert Maxwell, the healthiest in the US - is vulhad lost half its market value by

Pricing fears force unit trust suspensions

chairman, claimed it was not suspended dealings at that equitable to quote prices that price. This company was, bowdid not make sense either to the ever, prepared to accept selling unitholders who wanted to sell orders at a forward price calcuot out out the day.

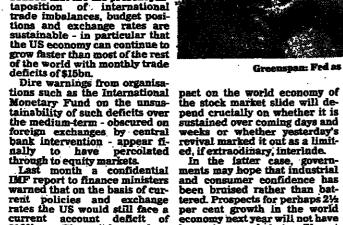
nit prices could be made.

Unit trust managers normally ment approached this problem

ewspapers. market index-the FT-SE 100 for When the market opened UK funds, the Standard &

make a price only once a day, by revaluing Monday night's this price being quoted in the prices at intervals in line with a

to 20 per cent. it said.



been improved but will not have been dashed.

If the recent collapse proves

to be more permanent, howev-er, even that rather mediocre

ty - that is, the surplus of assets over liabilities - and replaced it

with debt. This awesome lever-aging of corporate America suc-ceeded because interest rates

were falling and the economy

optimistic valuations did not

trouble investors because the soaring stock market so lifted asset values that highly lever-aged companies could sell off businesses for big sums to pay

tional tash.

These "margin calls" against
individual investors could
amount to over \$1.5bn from fall, the market still kept its
Monday's fall alone. This could head enough to hit the leverthan lead to a vicious circle of the second sample of the second secon

aged stocks particularly hard. Harcourt Brace Jevanovich,

the US publishing group which adopted a "scorched-earth" de-

nerable to a sell off.

noon on Tuesday, double the in Dayten Hudson, the MinneaFor companies, the outlook is loss for the heavyweight, polis department store group just as horrible. Corporate blue-chip stocks of the Dow

America has seen a wave of Jones Industrial Average. The ing their wounds or waiting on

America has seen a wave of stakeovers, mergers and leveraged buy-outs financed by debt,
chiefly the high-yielding securities known as "junk bonds" and
popularised by Drexel Burnham Lambert, the Wall Street

America has seen a wave of industrial Average. The ing their woulds or waiting on
the state in stabilities has lost one of its biggest supover assets - of \$1.7bn, has always said that its ability to pay
the bargain hunters will reapoff its debt depends on increases in income from its three
to stabilise, "says Mr Dubilier.

pear out of reach, particularly in the US.

The most immediate effect of sharply lower equity prices is traditionally a parallel drop in son, senior economist at securiconsumer spending. Individuals ties house Goldman Sachs, arholding shares either directly gues that by seeking to maintain or indirectly face an immediate the US currency at unrealistic reduction in their overall levels, governments may simply seattly and tend to trim their have transferred voletility to The most immediate effect of holding shares either directly or indirectly face an immediate the US currency at unrealistic reduction in their overall levels, governments may simply wealth and tend to trim their spending accordingly. Such a response would be likely to be especially strong in the US, where share ownership is widely spread.

Economists would also expect a bost of other effects. Casualties among financial institutions would have wider implications for economic confidence, to be firefighting.

businesses; publishing, theme parks and insurance.

Other heavily borrowed com-panies have done as badly. Holi-

a corporate raider, had halved by midday on Tuesday. Viacom, the entertainment group, had

the entertainment group, had also lost more than half of its market worth.

Not surprisingly, this week has seen the abandonment of some leveraged deals. On Monday, Mr Samuel Heyman, a well-known corporate raider, summarily cancelled a \$2.3bn plan to take his chief company, the GAF chemicals group, with

the GAF chemicals group, private. Yesterday Mr Carl Icahn also dropped a similar plan for

this year, other takeover and merger specialists have fared

badly. The Hafts, aggressive investors from Washington, are

sitting on a paper loss of over \$100m on their 5 per cent stake

Poor's Composite Index for US stocks and the Nikkei for Japa-

nese stocks.
This procedure had the agreeent of the trustee, Lloyds

Yesterday's pricing problems can be seen against the back-ground of proposals by the Se-curities and Investment Board

that the unit trust industry should switch to forward pric-

ing system in which deals would be transacted at the next price.

The industry has argued strongly against such a change,

but it now will have to recognise that its traditional night-before pricing basis is difficult to work in highly volatile conditions.

Banki

and the ability to raise money for investment significantly diminished. Developing countries might also be hit by a renewed fall in commodity prices as de-mand in the industrialised

would feel obliged to seek to re-store confidence in its financial Merrill Lynch, Salomon position by raising interest Brethers and Paine Webber rates significantly. That he said were all sharply down. position by raising interest rates significantly. That he said would run the risk of a serious
recession in the US, a parallel
slump elsewhere and a re-ignition of the debt crisis.

Were all sharply town.

Along with the rest of the market, all these stocks were struggling to recover in early trading
yesterday. But the steepness of

Perhaps more fundamentally, there are doubts among many economists about whether the present policy of seeking a sta-ble dollar is, in fact, the right

Toronto remains positive

By David Owen in Toronto

IN TOBONTO, where the final tally on Monday was a fall of, 407.2 points or 11.3 per cent, knocking the market back to where it stood on January 8, day, the hotel and casino operator which also has a deficit of
net worth, fell 37 per cent on
Monday while Caesars World,
another casino operator which
is buying back its stock to deter
a corporate raider had helped sentiment regarding the main background fundamentals re-mained comparatively posi-

However, brokers cautioned

that the market was in un-known territory.

Mr George Vasic, chief econ-omist at Data Resources, a To-ronto economic consulting firm, said: "Our view is that the fundamentals have not deterio-mental to a major way. Canada is fundamentals have not deteriorated in a major way. Canada is looking the best that it has done during the five years of the recovery."

Many brokers believe that much of the selling, which wiped an unprecedented Ca37bn (\$30.8bn) off the value of church traded on the Taronto.

of shares traded on the Toronto Stock Exchange, was triggered by anxious retail investors looking to get out of the market at any price. Institutional investors were still much in evidence, albeit at much lower

A leading Terento discount broker confirmed that small investors were active on the selling side of the market. However, he added, the peak of the bull market had produced more volume - an indication perhaps of more selling to

Realignment

The additional 152.3 point plunge taken by the benchmark TSE-300 index in the first 15 minutes of trading yesterday certainly did nothing to undermine that theory. Interest yields and bend markets were down across the board on Monday with the rate for six-month Canadian Government Treasury Bills falling half a percentage point to about 19 per cent. This clearly points to a longer term realign-ment in the relationship be-tween stock and bond yields. Many brokers are worried that the extraordinary volatili-ty will scare a significant pro-

"You are going to see a lot of people avoiding the stock mar-ket," said one. Some have interpreted this as a good omen for

portion of investors away for

Banking sector concern focuses on loan-loss risk

BY DAVID LASCELLES IN NEW YORK

THE STOCKS of financial instihouses - were among those reg-istering the wildest gyrations on

fall in commodity prices as demand in the industrialised world turned down.

In such circumstances the policy response from governments would be crucial - but it is far from certain that they are agreed on how they would react.

One European central banker warned yesterday that a clear danger would be that the US would feel obliged to seek to re
istering the wildest gyrations on Wall Street this week.

Shares in Citicorp, the largest bank in the US, plunged by 30 per cent. on Monday, wiping \$2.5bn off the group's value. J.P. Morgan, the parent of Morgan, the parent of Morgan, the parent of Morgan, the parent of Morgan Strongest bank, fared even worse - its would feel obliged to seek to re-

gling to recover in early trading yesterday. But the steepness of the fall underlined the vulnerability of the financial sector to sharp changes in market senti-

In the banking sector, fears centred on the increased likeli-bood of loan losses if the col-lapse in confidence plunges the conomy into recession.

Any fall in stock market val-

any lain in stock market values was bound to find its way through quickly to other forms of collateral held by banks, particularly real estate.

The involvement of many large banks in highly leveraged deals such as management buy-outs adds to their risk. If it came to the worst, banks could also suffer a run on deposits, though

there was no sign of this yester-Mr Robert Clarke, the Comp-troller of the Currency who reg-ulates 5,000 of the largest banks in the US, said his office would be monitoring the banks close-ly, and depositors had no cause

for alarm.
The pledge by the Federal Reserve to supply liquidity to the banking system also under-lined the authorities' determination to head off a crisis of

confidence.
The implied message - that the Fed intends to keep interest tates down - is also good news for the banks, and it prompted Chemical Bank yesterday to re-verse the increase in the prime rate which it announced last

Aside from the 30 per cent provision it made in May against its Third World loans, Citicorp raised \$1.1bn in new equity only last month, and is now more strongly capitalised than it has been for a decade. This capital was also raised at the peak of the market, when Citicorp stock was trading at nearly \$60 a share, almost twice its \$32 level at noon yesterday. Two other large New York banks. Manufacturers Hanover raised new capital in recent weeks, but the crisis of the last few days must have put paid to similar plans by other banks.

Wall Street officials have been quick to deny speculation that some banks and brokerage houses have been plunged into trouble by the huge market losses

California-based Bank of America, the weakest of the large US banks, had just completed a \$425m debt-raising in Japan.

The three banks which managed to raise new equity showed exceedingly good timing, though shareholders who bought the stock at September's high prices must now be regretting the day. Mr Thomas Hanley, who analyses bank stocks at Salomon

said yesterday that the sell-off was "severely overdone" and that he was recommending in-vestors to buy bank stocks on the strength of the US economic outlook and the much improved health of the US banking indus-

try. Citicorp, Manufacturers Hauover and Bankers Trust all reported strong increases in profits for the third quarter
yesterday.

Officials on Wall Street have
also been quick to deny speculation, that particular invest.

Chemical Bank yesterday to reverse the increase in the prime rate which it announced last ment banks and brokerage Friday, but which was followed by only a handful of others.

The fall in Citicorp's share price was particularly ironic since the bank has taken when several firms like Salomond with the several firms like Salomond was a several fi

change said on Monday that "no significant member had had any problems, and Mr Joseph Hardiman, president of the 6,700-strong National Associa-tion of Securities Dealers, said none of his members was insol-

E.F.Hutton, whose stock price was among the weakest, said yesterday that it saw no reason why investors need be concerned.

The greatest danger lay for firms with large positions of their own in the equity market. But unlike 1929, when losses brought many of them down, they now have means through the financial futures market of hedging their risks and reduc-ing their outright exposures. The strength of the bond mar-ket in the last two days will also

have earned them some profits to set against their equity

losses.
Ironically, the immense trading volumes triggered by the crisis will have brought in enormous commission revenues which will help profits as well.
But even if trading losses do not bring any firms down some not bring any firms down, some of them could still be severely damaged by back-office prob-lems as their computers and settlement staff battle with the torrent of sell orders. Delays in clearing trades will add hugely to the cost of carrying positions, and could put badly organised firms in a tight

financial squeeze.

The risk of direct losses from the risk of direct losses from equity trading does not extend to the banks, who are prohibited by law from investing directly in the stock market.

The relevant law, the Glass-Steagall Act, was passed in the wake of the 1929 crash precisely the protect the banking extent. to protect the banking system from such losses.

Recently, banks have been stepping up the pressure on Congress to reform the Act, arguing that the banking environ-ment has changed and that banks need to be able to act as intermediaries between inves-

tors and the stock market.
Their case has certainly not been strengthened by the events of the last few days. In fact, many people will argue that the Glass-Steagall Act prevented the crash of 1987 from

Strong rise in futures trading helps recovery in Paris

BY GEORGE GRAHAM AND PAUL BETTS IN PARIS

FRENCH investors drew breath yesterday after a morning that had once again tested their nerves.

Mrs Gilberte Beaux, ministers rallied round the right-hand of the financier Sir Prime Minister in a chorus of reassuring statements over the tors to wait out the crisis, second recommendation. The market plunged in the morning following beavy selling

by British fund managers, but recovered in the afternoon enrecovered in the atternoon curcouraged by a strong rise in the munications conglomerate, 111 Matif, the Paris financial fully.

Matif, the Paris financial fully.

Mr Jacques Chirac, the constitutions conglomerate, 111 Minister struck

Institutional investors have spent the last few days urging small shareholders to hold on to their shares while busily trying to sell their own portfolios. They were happy yesterday to take the chance to buy into the market again.

gested that state-backed finan-cial institutions like the Caisse des Depots et des Consignations had stepped into the market to

cure in the knowledge that her own group had sold its substan-tial holding in Generale Occi-dentale, the forestry and com-

servative Prime Minister, struck a similar note yesterday, urging French investors not to panic.

He was responding to a swell-ist Prime Minister, called for a ing wave of socialist criticisms nomic policies and privatisation programme.

He said that France has noth-

Shares in France's recently privatised companies recoving to do with the current interested strongly, and brokers sugnational financial crisis, adding claimed that small shareholdthat the state of the French economy and the profitability of domestic enterprises was improving. been behind the Several other government on the bourse.

However, Mr Edouard Ballad

gramme could be affected by The opposition Socialist Party

halt in the state sell-off pro-gramme while Mr Jack Lang, the former Culture Minister, ac-cused Mr Chirac "of destabilis-

ers had shown considerable sang froid during the last hectic 24 hours and that they had not been behind the big sell orders

Bonn reassures on dollar fall

BY DAVID MARSH IN BONN AND ANDREW FISHER IN FRANKFURT MR GERHARD Stoltenberg, the

West German Finance Minister, and Mr Karl Otto Poehl, presifears of a fresh dollar fail.

Mr Stoltenberg, who with Mr
Poehl met Mr James Baker, the ticipants in the Louvre agreeticipants in the Louvre agreetici US Treasury Secretary, in Frankfurt on Monday, said in Bonn he was sure the February Louvre currency agreement was still functioning

attempted to allay suspicions of discord with the US, stoked up by Mr Baker's criticisms last separately yesterday to damp fears of a fresh dollar fall.

Mr Stoken Last a conference in Frankfurt, he said he was suretary policies. week of the Bundesbank's mon-etary policies.

Mr Stoltenberg said the par-etary policies.

Mr Stoltenberg said the par-

ments, including currency intervention, to try to stabilise

Mr Stoltenberg and Mr Poehl world stock markets was not justified by economic facts. en account of underlying im-provements in US trade and budget trends.
Mr Poehl blamed the recent

rise in short-term West German ouvre currency agreement was exchange rates, although he interest rates on the US, and sill functioning exchange rates, although he interest rates on the US, and said the central bank was concerned about the possible exchange rates.

Spotlight on Baker and Greenspan to restore economic confidence

THE DECISION of Mr James Bank, affirmed today its readi- underpinning the economy are

Baker, the US Treasury Secretary, abruptly to cancel his European trip to return to Washington yesterday conjures up memories of then Federal Reserve Chairman Paul Volcker's flight back to Washington in October 1979 from Yugoslavia with a package of economic policy initiatives designed to stabilise the dollar and fight inflation.

That Mr Baker will confront a

different political, financial and economic climate on his return in the wake of the unprecedented panic on Wall Street was underscored yesterday by the statement from Mr Alan Greenspan, Mr Volcker's successor at

In an effort to reassure the fi-nancial markets and the general public that the frightening comparisons which are being made between the crash on Monday and the stock market collepse of 1929 are more apparent than real. The statement said: The Federal Reserve, consistent with its responsibil-ties as the nation's Central

ness to serve as a source of liquidity to support the economic and financial system. In 1929 the Fed tightened credit and made the situation worse. But the question Mr Baker

and Mr Greenspan have to answer is just how different the situation is. With Wall Street see sawing yesterday and con-tinuing to be the key factor in

Then, with the dollar collapsing, inflation already into dou-ble digits and soaring oil prices threatening to hold it there, Mr Volcker knew the economy was in desperate shape and he had when the expansion of consum-

And he did.

Today with inflation still only forecast for real economic at 5 per cent and the economy growth in the US to only 2 per growing, the Administration is cent next year even before the still able, plausibly, to argue as stock market crash.

President Reagan did on Monday night that the fundamentals fidence will have beyond the

sound. However, most economists reject this view because of the huge trade and budget So far as the economic out-

look is concerned today the initial reaction of Wall Street economists has been to conclude that the odds that the US will slip into recession sooner rather than later have been inshaping events, the judgment creased. Unless share prices will be a fine one to make, much make an extraordinary recovery more difficult, for example, hundreds of billions of dollars than the one which faced Mr will have been wiped off the Volcker in 1979. ing their spending power and removing what has been one of the strongest props to consumer

This has occurred at a time ly to try and restore confidence.
And he did.

er incomes has begun to slow, a factor which had lead Goldman Sachs Recognition to address the saches Recognition to address the MR NIGEL LAWSON, the UK ing the US might allow the Chancellor of the Exchequer, dellar to fall if West Germany implicitly criticised Mr James Baker, the US Treasury Secretary, for his role in the collapse of world stock markets this week but said that the markets bad "grotesquely over-reacted," writes Philip Stephens.

Speaking in a series of radio and television interviews, he said that the worldwide slide in equity prices has a let to with the US stock market, a lack of confidence in the US and some careless talk by those who should have known bet-The latter is seen in White-

hall as a reference to Mr Bak-

er's weekend remarks suggestconsumer is another imponderable with much depending on what the political response will be, particularly in Washington. For as Mr Alan Sinai, Shearson the economy does slip into re-For as Mr Alan Sinai, Shearson Lehman Brother's economist.

persisted in pushing up its in-terest rates. The row was sub-sequently resolved when Mr Baker met Mr Gerhard Stoltenberg. the West German Fi-nance Minister, on Menday. Mr Lawson, who spoke with Mr Baker on the telephone ou Monday evening, dismissed suggestions that the US and world economies faced a real danger of recession. I see no fundamental signs why the US economy should go into reces-sion...the only way in which the American economy would

ally talks itself into a reces-sion", he said. crisis of confidence in Washingcession next year, probably his remarked as share prices were plunging on Monday, the collapse reflected in large part a saying that you can hardly Republican Party. Mr Baker's supporters in Washington are

go into a recession is if it actu-

His decision once again pub-licly to try and twist West Germany's arm at a time when share prices were already fall-ing and Wall Street beginning to manifest signs of a rapid ero-sion of confidence is recognised as a blunder of the first order. among Washington's policymakers now that Mr Volcker has left

chequer, who suggested yesterday that the issues dividing West Germany and the US would have been better aired in

With Mr Baker and Mr Greenspan still out of town the Administration's reaction yester-day was essentially to play for time. As Democrats on Capitol Hill such as Senator Lloyd Bentsen repeated their calls for a mented in its lead editorial yespolitical summit between the white House and the Congress statement on Monday night that

appeared before the White House press offering only further confrontation.
"Let's talk about the stock

market at another time," he responded to questions about the impact of the Wall Street collapse on the budget outlook another reminder of the insenitivity to financial markets guns, he added, reiterating the President's opposition to a tax increase as part of a compro-

The White House will clearly It was Mr Nigel Lawson, the The White House will clearly British Chancellor of the Exnot want to allow itself to be panicked into early concessions, and so to throw away its political leverage. But both Wall Street and the foreign exchanges will be looking to see what precisely Mr Baker's meeting with his West German counterpart yesterday yielded and what shifts will take place in

Washington. As the New York Times com-

But he certainly contributed to it.

His decision once again nub
to agree on a budget comprotie the underlying economy is sound: With the fire alarm ministration Budget Director, walling on Wall Street and the country anxious for leadership it gets an astonishing rerun of erbert Hoover. When will Mr Reagan start fighting the fire?"

APPOINTMENTS ADVERTISING

£43 per single column

centimetre Premium positions will be charged £52 per single column

centimetre

01-248 4782 Daniel Berry Ext 3456 Tessa Taylor Ext 3351

EC plans tougher testing of pesticides

THE European Commission is drawing up measures to enforce tougher testing procedures for pesticides and to bring greater

protection for users. The plans were revealed yesterday by Mr Stanley Clinton
Davis, the British Environment
Commissioner, during a speech
at a Confederation of European Chemicals Industries conference. He said experts were "urgently examining how to rectify possibly dangerous shortcomings in pesticide marketing con-

trols.
Too many pesticides allowed on the market are tested by out-dated methods and in some member states, it is evident that the funds available for testing are utterly inadequate," he said.

There was also a need for clear-er labelling.

It is clear that different companies, selling similar types of pesticide, provide differing and

sometimes conflicting instruc-tions to users, he added.

Mr Clinton Davis also wel-comed last month's accord be-

EC. US. JAPAN AND SOVIET UNION SIGN PACT

Fusion energy co-operation agreed

Work will begin early in 1988 at the West German plasma physics institute at Garching, near

Munich, though the site will be reviewed after the first year. The choice of base came after much hard bargaining between Washington, which wanted Livermore laboratories near San Francisco, Moscow, which could not accept a US site, and the EC, studies carried out at Culham which lobbied equally hard for laboratories in the UK under

THE European Community, US, Japan and Soviet Union have agreed to work together to design an experimental thermonuclear fusion reactor by 1990, der the auspices of the International Thermonuclear Experimental tional Atomic Energy Agency, which is to supervise the work.

> Conveniently for the Community, Garching is also the site for the EC's Next European Torus (Net) research into the techni-cal possibilities for fusion, the next stage on from the scientific

Thermonuclear Experimental does not envisage building a re-Reactor (iter) is aligned with actor, though that could be pos-the Garching's own work, sible by the end of the century, and chair meetings of the four

> fusion research. The Iter project aims to show the technological feasibility of fusion, a way of making energy by combining nuclei, or atomic building blocks, rather than splitting them as in convention-

al nuclear fission. Fusion is in theory a cheaper longer-lasting and safer energy source than fission. The project

though most experts acknowledge that the Community is in Roughly 10 scientists from any case ahead of the game in each side will work on the design of Iter, rotating with col-leagues at home at intervals of several months. The design will be available to all parties to use

EC in deadlock over food radiation limits

IBM announces

computer show

in 76 years.

BY QUENTIN PEEL IN LUXEMBOURG

THE CRUCIAL question of opinion.

what constitutes a safe level of The issue came to a head on radiation in foodstuffs in the Monday night when EC Foreign wake of another nuclear accident has left the European Community in deadlock, and facing least to continue the present rethe prospect of a legal vacuum strictions imposed in the wake the prospect of a legal vacuum at the end of the month.

of the Chernobyl disaster. The result could be a new proliferation of differing public
health regulations in the 12
member states, disrupting set at the levels recommended
cross-border trade in farm by a panel of expert scientists. tween more than 40 nations to reduce the use of chlorofluoro-carbons (CFCs), a widely used chemical implicated in depleting the ozone layer.

This should provide an incentive to develop a full range of substitutes for CFCs, he said.

The member states, disripting set at the levels recommended tross-border trade in farm by a panel of expert scientists. West Germany, Denmark and other member states want stricter levels to reassure public opinion that they are taking to distribute to develop a full range of substitutes for CFCs, he said.

itsfirst

who proposed the new safety standards, condemned the failure to reach a decision as totally unacceptable and disastrons for the Community."

He called for a new Council of Ministers to be convened before the present system of agreed radiation levels expires at the end of the month. They would be asked simply to extend the present regime for two years, with a review after the first 12 months.

That would certainly be unacceptable to France, the member state which relies most heavily on nuclear power.

and 5,000 ba/kg for other foodstuffs. They are backed by France, Spain and the UK.

West Germany wants to maintain the current levels of only 370ba/kg for dairy, and 600 ba/kg and 1,250 ba/kg respectively.

Officials believe a possible compromise would be to agree on the figures for a future regime - in the event of another nuclear accident - along the lines of the scientists' recommendations. Then it might be

on nuclear power.

The levels proposed by the EC scientists are for 4,500 becquerels per kilo for dairy products

mendations. Then it might be possible for France, Spain and the UK to go along with main-taining stricter standards

Bulgaria introduces rationing of energy

By Judy Dempsey in Vienne

THE BULGARIAN authorities have introduced measures to ration energy as part of a pro-gramme to keep the country's industry working at full capac-ity over the winter months.

The measures, which were The measures, which were introduced at the weekend, affect particularly the use of domestic appliances. Electrical appliances will be limited to five hours a day. Those who exceed the restrictions will be fined and may even have their supplies cut off.

supplies cut off.

This is the third consecutive winter in which energy rationing has been introduced in bulgaria. The severe drought of 1984, followed by bitterly cold winters, practically drained the reserves of the hydro-electrical power stations which supply more than a third of the country's energy needs. The power grid was also severely strained, which led to significant slowdowns in the industrial sectors.

Meanwhile, Soviet and Bulmeanwhile, Soviet and Engarian scientists are inserting fael rods into Balgaria's new Soviet-designed 1,900-MW pressurised water reactor at Kozledui, north of Sofia.

The reactor was supposed to have begun operating by September in time for the winter.

Alitalia grounds commuter plane following crash

Italian operators of the Italo-French commuter aircraft, the aircraft belonging to Ati, the Italian state-owned airline.

Alitalia, Ati's parent company, said it had decided to ground the aircraft following an analysis by its technicians of all available data on the disaster.

The move was not meant to imply any judgment about the safety of the design, but derived from the priority the company gives to passenger safety. Any reasonable doubt that this might be in jeopardy justifies such a decision, said Alitalia.

da and Avianova.

ALL EIGHT versions owned by between the crew to the Accident operators of the Italogen dent Investigation Branch at Farnborough in the UK.

Atr 42, have been grounded following last Thursday's crash with the loss of 37 lives of an an's Linate airport on to Coan's Linate airport on to Co-logne when the pilot radioed an

emergency and it promptly dis-appeared from radar screens. Witnesses claim to have seen flames before the crash but re-ports on the wreckage and the

ports on the wreckage and the remains of victims suggest no evidence of a fire.

Speculation on a failure of the anti-icing equipment has been strengthened by the fact that the aircraft's departure was delayed for a manual treatment of its propeliors because ment of its propellors because of a fault in the on-board anti-

icing device.

The crash is a blow for the The airline's decision was swiftly followed by a similar order from the Ministry of Transport affecting Atr 42s operated by the small companies, Alisarda and Arianges sign which only came into service in Italy 15 months ago.

Available in 42-seat and 49-seat versions, the two companies have booked more than 180 or-A commission of inquiry into versions, the two companies the disaster has consigned the aircraft's flight recorder and tapes of in-flight conversations lines around the world.

Swiss budget predicts further growth next year

will show a surplus for the third year running, according to the 1988 budget published yester-day. Mr Otto Stich, the Finance Minister, attributes this to the further economic growth expec-ted next year and to the strict discipline applied to federal spending for the past few years. Revenues are scheduled to reach SFr27.2bn (£11bn) in 1988 and to give a surplus over ex-

reach SFr27.2bn (£11bn) in 1988
and to give a surplus over expenditure of SFr1.3bn.

This compares with the recorded surplus of just under SFr2bn in 1986 and the budgeted surplus of SFr171m for 1987 which the finance department now estimates will turn out substantially bigger.

Switzerland's economic growth will slacken in the next couple of years, as the deprecia-

couple of years, as the deprecia-tion of the dollar affects exports, the finance department predicts. Nevertheless, it ex-pects a growth of 2 per cent in gross domestic product in real

inflation to accelerate from the Party gained three to 23.

0.8 per cent registered in 1988. The victim was the fourth but to remain moderate at an partner in the ruling coalition,

THE SWISS Federal accounts will show a surplus for the third munications and energy stands out. This is due largely to larger allocations to public transport, particularly to the railways.
Other new priorities are environmental protection and research, both of which receive
higher than average increases.

Mr Stich warns against too optimistic long-term expectations.

stronger than previously reported, the final results show.

The Swiss Ecological Party increased its seats in the 200member National Council from

four to nine, while an allied Green/Red group advanced from four to six. gross domestic product in real terms next year.

Domestic investment should continue to be firm and consumer demand will also probably crass took 51 seats (down three), remain strong the department the Christian Democrats re-believes. It expects the rate of tained their 42 and the People's

on the expenditure side of its representation reduced from the 1988 budget an 11.3 per cent 47 to 41.

Mitterrand calls for joint nuclear arms strategy

BY IAN DAVIDSON IN BONN

PRESIDENT François Mitterrand, on a state visit to West Germany, has called on Europe to develop its own joint views on nuclear arms control negotiations between the two superpowers.
At the same time, he has pointed

towards a radical revision of France's nuclear doctrine to alleviate German anxieties that the use of French sub-strategic weapons would simply devastate German

Speaking at a state banquet on Monday night, President Mitter-rand said: "Now that disarmament agreements are taking shape be-tween the US and the Soviet Union - which I approve without reserve we must together define the bases

of our common security. "Everything requires us - the Europeans - to adopt similar positions on the US-Soviet negotiations: the agreement, being prepared for the elimination of US and Soviet intermediate-range nuclear forces (INF), the reduction of their strategic ar-maments, or the application of the nal warning to an aggressor. 1972 Anti-Ballistic Missile (ABM)

from traditional Western practice It would imply European readiness to adopt, and presumably to ex-press, policy positions on arms con-trol publicly at variance with those of the US.

All existing nuclear arms control agreements, with the exception of the Non-Proliferation Treaty (NPT), have been bilateral deals between the superpowers. President Mitterrand claims en-

tirely to approve the prospective Euro-missile agreement on the grounds that it is the first step tocond World War.

Nevertheless it is clear that the French Government, in particular. is uneasy at the prospect of an agreement which appears to spell the beginning of a process of denuc-learisation of Europe, and potential-ly suggests the start of a decoupling of the US from Europe.

Traditional French nuclear doc-

Yesterday afternoon, President Mitterrand followed up his Monday H followed by West Germany and France's other European allies, plans for winning a war," he said. President Mitterrand's proposal "Let us make haste to draw up would represent a major departure plans for preventing war."

Critics use UN as political scapegoat, says M'Bow

Nations Educational, Scientific and Cultural Organisation, accused his critics yesterday of trying to make the UN a scapegoat for the world's political problems, Reuter reports from Paris.

Mr M'Bow, Unesco director-general for 13 years, defended the UN system at the start of a full meeting of Unesco's 158 member states.

He made no direct reference to his defeat by Spanish biochemist. Mr Federico Mayor, who was nominated for the \$159,000-a-year post on Sunday after a bitter struggle within Unesco's 50-member execu-

The general conference must now d its five week-long meeting in

MR AMADOU Mahtar MBow of Senegal, defeated in his bid for a third term as head of the United

The conference has in the past al-

ways accepted the board's recom-mendation, but diplomats say some of Mr M'Bow's mainly African sup porters may attempt to overturn Mr Mayor's nomination.

In his speech, Mr M'Bow dismissed criticism by some Western countries, particularly the US, that the UN had become too politicised. The US and Britain pulled out of Unesco in 1984 and 1985, accusing the agency of anti-Western bias and mismanagement under Mr M'Bow's stewardship.

"Some people have sought to make the failings of the UN system responsible for the most flagrant flaws in international relations," Mr M'Bow said. But it can only reflect approve the board's nomination, the dilemmas of the international

Loath as we are to make an exhibition

Your first chance to see the largest range

Which is good news, of course, for

But equally good news for the rest of the

Because IBM '87 is about more than

Our aim is to show you how working

Experts from IBM will be on hand to

discuss your business needs, and explain

how IBM, with its specially trained dealers

closely with IBM can get results.

just computers. It's about partnership.

of IBM hardware and software ever

of ourselves, IBM has finally decided to

show what it is made of.

Hence IBM '87.

assembled in the UK.

computer connoisseurs.

business community.

And success.

and agents, will work with you to provide a complete business solution. Not just computers, but software, advice and support whenever necessary.

(There's no harm in showing off once in a while.)

Whether your business requires a complex computer network, or simply a personal computer for word processing,

you will find the answer at IBM '87. With special theme days focusing on different business areas, there is sure to be something for you.

For your tickets, send off the coupon today. A chance like this doesn't come round every 76 years.

Please send me tickets for IBM '87.	I'm interested in attending the follo	owing theme days:
At The Business Design Centre, Islington Green,	Retail Banking & Building Societies	Tues 27th Oct. 🗆
London N1. October 27th-November 6th (including	Institutional Banking & Finance	Wed 28th Ort □
Saturday) 10am-6pm daily.	Local Covernment, Utilities	Thur 29th Oct 🗀
NamePosition	& Health	Fri 30th Oct 🖂
Company	Small Business	Sat 3 lst Oct □
Type of Business	Retail & Distribution	Mon 2nd Nov
Address	Leisure	Tues 3rd Nov
	Manufacturing Wed 4th Nov	Thur 5th Nov 🖂
PostcodeNumber of Tickets	Insurance	Fri 6th Nov 🗀
Telephone (Work)	<u>———</u>	====
Send this coupon to Jackie Waite, IBM United Kingdon London W1 5BR, or telephone 01-995 7700 duri		SOLUTIONS TODAY

The herald and tribune in Chicas

aking charge at America's AB Dick "rejuvenated" David Powell-and the business. Next comes major expansion of The General Electric Company in the US: "we've got the money," he tells Robert Heller, "and we've got the urge."

EW roles inside The General Electric Company offer greater scope than David Powell's - and not just because his territory takes in the world's richest market and GEC's most obvious growth potential. The group's sales in the United States are now comfortably over a billion pounds; but nobody doubts, least of all Powell, that the American business "must be" greatly and rapidly expanded as the most crucial element in GECs drive to grow and be international - as I believe it should be and will be."

Another aspect of Powell's scope is the vast range of options in a market where "you're driven by the competition. It's very widespread, very sometimes very big."

He talks of the "elephants" which dominate some sectors. Part of Powell's role is helping to find the niches where GEC can become equally dominant through developments that will take

"Something

several forms. He has first-hand experience of one: buying a free-standing US company and making it work.

most brilliant purchase in GECs historyit was a "mature business" as Powell says, that needed to be rejuvenated. The \$103 million purchase price looked worse and worse as the losses under GEC ownership grew larger

Powell was sent across to Chicago in 1983, aged 54. with the instruction from Lord Weinstock to "Get over there. Do what you like. I don't want to see any more figures like that." Powell had "always had a hankering

to try my hand at working in the States": but he had thought it "a hit late in life to start new pastures." There was also some question in his mind over whether there was 'a man-sized job in the USA. But the balloon went up with AB Dick"

"My main job was to get the animal healthy."

It took only 18 months for Powell to bring the company and its losses down to earth - basically by deciding to "get back to what we were good at." That was the core product line, offset duplicators.

Powell had come from heading GECs diesel companies. "The diesel industry too was always going to decline, according to the pundits" he says. While offset duplicating is also now a mature technology, it is actually growing by a steady 6% per year, the offset process provides "cheaper, better quality" copies than xerographic copiers and has given AB Dick a large share of the quick print

On that foundation, Powell has begun to do something he loves: "grow a business." AB Dick is now selling "a full line of copiers" (made for it outside) along with its offset products. It makes its own electronic publishing system, too, for a market that is already the second largest for micros - and may well overtake wordprocessing to become the biggest.



David Powell, Chairman and CEO of AB Dick Company.

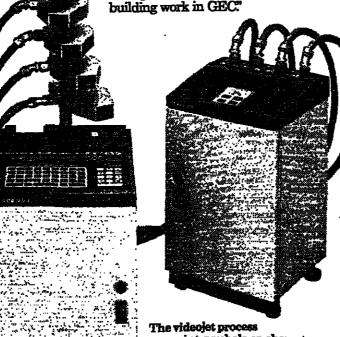
And then there's Videojet Systems, Inc. This business has grown in sales by 20-25% annually until its profits roughly equal the hugely recovered earnings of the Dick parent.

The Videojet technology consists of a continuous stream of tiny ink droplets, forced through a minute orifice at high velocity, and controlled electrostatically to delike 40% of the flect the individual droplets and "paint" The business, AB Dick, was not the world market is dot-matrix characters on virtually any

in the US." What was first developed as an office printer eventually found its growth in industrial marking as applications emerged in coding the concave ends of aluminium beverage cans, postal bar codes on mail pieces and now much more.

Videojet has greatly helped Powell in meeting his personal challenge at AB Dick. "My main job was to get the animal healthy. Now-how do we use it?" The

turnaround is complete and "we're growing in real terms - developing the whole of GEC's business in the US for the first time." Now Powell can also turn more to the broader role envisaged for him in 1983. At the time, Powell had been running the diesel business for 12 years and was sitting on the main board. He describes that 1978 appointment as "recognition for having done a lot of building work in GEC."



can print symbols or characters on virtually any surface, or shape of surface. It is extensively used for the application of product codes and postal markings.

pany. After all his visits and affinity, he "thought I knew the States." Not so: "I didn't until I lived there."

The US, he explains, "is a different country, is really a continent, a different culture." The key business differences are, first, that "price is more

Powell got known as "the America lover" when based in Britain: in fact, at diesels he was the first GEC managing director to buy an American com-

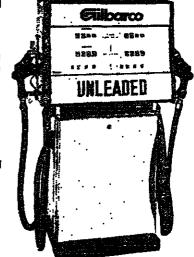
important than value"; second, there's "far more intense competition - take your eye off the ball for a few weeks, and you're dead"; third, "you've got to deliver"; and fourth, service and support are vital to customers "who will say your product works, then ask: but how do we do this with it?"

OR an ambitious company like AB Dick, that all adds up to national distribution - a phenomenally costly set-up (taking anything from \$25 million to \$50 million to establish from scratch) that is a crucial justification for buying Dick. It has 70 owned branches in North America, accounting for two-thirds of its business; 110 individual distributors; and 230 dealers - "we're represented in every town and city with over 25,000

That represents an enormous asset, and Powell is determined "to utilise this network to sell more products, more processes." He stresses that organic growth in the US never comes easily, and won't come at all without one essential: "You must commit absolutely" for the long haul, above all by heavy marketing investment.

"Take your eye off the ball for a few weeks. and you're dead."

In the summer of 1987, in line with its major expansion programme, GEC purchased The Gilbarco Inc. Gilbarco is a leading manufacturer of petrol pumps within the US.



for the first time to the **"Y**ou're driven by the competition."

communications Group, he

concentrated on computers

and production control,

forward planning, reducing

work in progress, and

otherwise exploiting the

major areas of profit

In 1966, the Telecom-

munications job took him

potential.

US. After visiting "some of the better companies" and "staying up all night dictating notes," he came back "absolutely fascinated with what I'd seen" at companies that were "deeply involved with management-philosophy. What impressed me more than anything were the management measurements."

A chartered accountant, he came to GEC from

English Electric in 1963 because he wanted "a chance

for general management." He became perhaps the

most mobile of GECs senior managers. First, as

Number Two in the Power Engineering Division,

Powell was plunged into decentralisation, then,

moving onto the second spot in the Tele-

Powell's fascination became an important factor in developing the famous management ratios for which GEC managing directors are held to account to this day. Moving on again, Powell became the Director of Planning at Stanhope Gate; "but it wasn't planning."

He was a veteran of the controversial Woolwich closure (possibly British industry's first major rationalisation); and Powell actually spent most of his time "helping people with rationalisation in the wake of the English Electric merger."

OWELL is now deeply involved in making sense of another left-over from his former employer: "the old English Electric in New York," set up to sell products of the divisions back home, and loaded with the usual problems of never satisfying anybody.

This type of approach is another of the many routes to the group's future American growth. Powell is adamant that GEC has "got to be international," even if, in consequence, the centre of gravity in some sectors "may have to be somewhere else" not in Britain. That's most likely to mean America simply because "something like 40% of the world market is the US; it's surprising in how many industries it's, plus or minus 40%."

The creation of the AB Dick distribution network was a massive capital investment. It is now represented in every town and city with over 25,000 people.

CQUISITION is another, in some ways easier route: Powell cites GEC's recent purchase of Gilbarco, the very strong manufacturer of petrol pumps, as an a example. But there are excellent opportunities for the British-based companies to develop their individual US potentials: "We've got the money," says Powell, "and generally we've got

The combination of money and urge could - and in his view should-result in a very rapid American buildup: doubling the US share in GECs turnover inside three years is a feasible target. Working out the exact path to such ends is "a challenge in itself," says Powell. He has thrived on the first stage of the American challenge, and on the "tremendous satisfaction" achieved from turning round AB Dick. "I feel 10 years younger than when I first went out there," he says. "Tve been renivenated."

Robert Heller is Editor-in-Chief of Finance Magazine GEC is the registered trade mark of The General Electric Company nlc.

SGC

Britain's largest manufacturing employer.

Reagan orders \$23bn Federal cuts

day ordered \$23bn of temporar-ay across-the-board cuts in the Federal Budget deficit, as mandated by the revised Gramm-Rudman law.

cause the law gives Congress military spending by 10.5 per and President Reagan until No-cent (\$11.5bn) and non-military vember 20 to agree on alternative methods of cutting the fiscal 1988 deficit. But if they fail obtained by one off savings. to bridge their differences, notably on the need for tax infice which has an advisory role creases, the cutbacks become

Mr James Miller, director of the Office of Management and Budget, presented proposals for the automatic cuts to the President yesterday morning and repeated the administration's op-

BY BARBARA DURR IN LIMA

THE PERUVIAN Government

tanks and tear gas to seize con-trol of Peru's two largest private

banks and a finance company. Under the nationalisation

law, which went into effect October 12, ten private banks, 17

insurance companies and six fi-nance companies are to pass to

Mr Francisco Pardo Mesones,

president of the Banco Mercan-

til and of the Association of Banks, said he would defend his

bank to the last. He contended that the Government was acting unconstitutionally and illegally

by not obeying court orders prohibiting the take-overs.

Mr Pardo, the leader of banker resistance to the nationalisation, has been living at his office since September 28 to
impede the expropriation

going to hold to our gans. The President gave us specific or-ders." he told reporters at the

udman law.

The cuts are temporary beautomatic cuts would reduce programmes by 8.5 per cent (\$10bn). The balance would be in the process published simi-lar figures last week.

Within the broad categories

The Minister of Labour an-

nounced that he would fine the

finance companies which had

given their employees 15 days paid leave from Monday. The companies said they were shutting down operations for the safety of their staff after the violations of the safety of their staff after the violations.

lence that had occurred in last

week's take-overs. The Govern-ment considers that such leave

is illegal under the labour code. The director of the Lima stock

exchange also suspended the seven brokers who had handled the sale of a majority of stock in

Violence forecast as

Lima seizes banks

THE PERUVIAN Government day morning he was huddled was to seize control yesterday of with his bank's board of directive more private commercial tors. Mr Pardo has repeatedly

banks as part of its move to a said he would not leave his second round of expropriations bank voluntarily.

second round of expropriations under its new law nationalising the private financial sector. Some violent incidents were expected.

The five banks were Banco Financiero, Banco Mercantil, Banco de Lima, Banco Latino and Bandesco (Banco de Desarrollo y Construccion). Last week, the Government used tanks and tear gas to seize contact to the bank.

The Minister of Labour enditors in the second contact the bank.

PRESIDENT REAGAN yester- posion to tax increases: "We're cuts (called sequestrations) would reduce outlays in national defence from \$289.6bn to \$278.1bn, international affairs (mainly the State Department budget) from \$16.7bn to \$15.5bn. transportation from \$28.3bn to \$27.5bn, education and training from \$33.1bn to \$32.2bn and medicare from \$80.3bn to \$79bn.

Democrats, responding to the threatened cuts, are pushing ahead with their own deficit reduction package. These would use a variety of tax increases to achieve around half of the defi-cit reduction mandated by

The Gramm Rudman cuts are made from projected levels that take inflation into account.



Doubts over Sarney as reshuffle delayed

DOUBTS over President Jose arney's ability to form a coherent Brazilian "national unity" government increased yester-day after an announcement of ministerial changes was de-

layed for 48 hours. The hold-up was explained as being merely to allow the president more time to complete plans that may involve the elim-ination of four ministries. However, it was also clear that in-tensive consultations were continuing with leading politi-

Mr Sarney first declared his intention to reshuffle his cabinet on October 8. In a nation-wide television broadcast, he wide television broadcast, he complained that the political parties had failed to give him adequate support and that he would now create a new grouping committed to a "minimum programme" of policies.

The programme included acceptance of a five-man programme received.

ceptance of a five-year presi-dential mandate and the rejection of a parliamentary system of government - the two issues now dominating the assembly as it draws up a new constitu-tion.

the Banco de Credito to its workers. They were charged with not depositing the money from the sale. But the Govern-Analysts saw the move as an attempt to split the dominant Democratic Movement Party (PMDB) and create a "moderate" fice since September 28 to ment had impeded the process impede the expropriation. of the cheques, thus making the from the early hours of yester-deposit impossible.

supporters are urging an immediate break with the govern-

ber, the PFL's regional offices believe that only a clean break with an unpopular government now can improve its chances at municipal elections next year.

Mr Sarney's latest delay is adding to criticism that little will actually change. Mr Ulysses Guimaraes, the PMDB leader, was quoted yesterday as saying that the party would back the president or condition that it president on condition that it was first consulted on policies -exactly the sort of conditionali-ty that Mr Sarney was attempting to end.

An informal meeting of leading Sao Paulo businessmen concluded yesterday with a general expression of pessimism that the political impasse will be

grouping comprising the party's centre and right wings in alliance with the centre-right Liberal Front (PFL).

The outcome has been quite the reverse, however. While the PMDB held together with vague expressions of support, the PFL has divided. Some leading PFL figures are insisting on backing the president, while grass roots supporters are urging an imme-

After suffering a catastrophic defeat in elections last Novem-

Presidential candidates and Haitians have accused the armed forces of human rights violations.

Strong rise in US housing starts

US HOUSING starts rose a surprisingly strong 4.4 per cent in September to a seasonally adjusted rate of 1.669m units a year - the largest monthly increase since December, the US Commerce Department said, Reuter reports from Washington. Most economists had expec-ted starts to fall as a result of rising interest rates which have slowed home sales.

While construction starts were much higher than anticipated, permits for future construction fell 0.6 per cent to a seasonally adjusted annual rate of 1.483m units, the department That means that by the treaty's deadline, November 7, the Nicaraguan Contras have got to go. Mr Azcona must thus choose between betraying his word, or

said.

Housing starts in September were down 1.2 per cent from September 1986 while permits were 11.5 per cent below the September 1986 level.

September's increase in bousing construction was the history.

pearedry insistent that they will ecomply with the Guatemala pact. But they cannot publicly explain how they are going to do so, since they have never ac-knowledged that they allow any

September's increase in bousing construction was the biggest
since December when starts
jumped by 10.8 per cent.
Last month's rise includes a
solid 5.1 per cent gain in singlefamily home construction, the
department said. That rise followed a 2.8 per cent drop in single-family starts in August. Permits for future construction of
single-family units fell by 3.2
per cent in September.
The department said hencing The department said housing

The department said housing construction in August was stronger than had been previously estimated. The agency said housing starts were unchanged from July levels instead of being down 1.5 percent key issue is the presence of the Contrary. as previously estimated Contrag.

Multi-family housing starts rose 29 per cent in September and permits for future construction jumped by 5 per cent after falling 3 per cent in August.

Haiti free poll order

BRIGADIER General William Regala, Haiti's Minister of De ence, has ordered the armed forces to remain neutral in next month's elections and to ensure from Port as Prince.



Swiss Bank Corporation and export financing.

If you're not interested in foreign markets, just turn the page.

And while you're turning, somebody out there is making plans to grab the customers your company needs. Maybe it's already happening. A lot of companies make the news by learning about the international marketplace the hard way.

Are we trying to tell you there's an easy way? Not really. Except that the easiest

way is probably to work the hardest. But if you are taking foreign sales seriously, the transaction skills we've developed over the years could make life easier for you. Remember, these are the markets

we grew up in. And our business keeps



Schweizerischer Bankverein Société de Banque Suisse

The key Swiss bank

General Management in CH-4002 Basie, Aeschenplatz 6, and in CH-8022 Zurich, Paradeptatz 6. Over 200 offices throughout Switzerland. Worldwide network. (branches, subsidiaries and representatives): Europe: Amsterdam, Edinburgh, Frankfurt, London, Luxembourg, Madrid, Manchester, Monte Carlo, Paris. North America: Atlanta, Calgary, Chicago, Dallas, Houston, Los Angeles, Montreal, New York, San Francisco, Toronto, Vancouver, Latin America: Bogotá, Buenos Aires, Caracas, Lima, Mexico, Panama, Rio de Janeiro, São Paulo, Caribbean: Grand Cayman, Nassau. Middle East: Bahrain, Cairo, Tehran. Africa: Johannesburg. Asia: Hong Kong, Osaka, Singapore, Tokyo. Australia: Melboume, Sydney.

Treaty puts Honduran good intentions to the test

BY PETER FORD, RECENTLY IN TEGUCIGAL PA

CENTRAL AMERICA'S new peace plan has made life more complicated for all the region's five presidents. But none finds himself in a more awkward spot than President Jose Azcona of temala "to prevent the use of (Honduran) territory by - and not to lend or allow military lo-gistics support to - persons, organisations or groups seeking to destabilise neighbouring gov-

> border with Nicaragua. But the thing except the Government's

between betraying his word, or betraying his ally and protector, the Reagan Administration. Honduran officials have re-peatedly insisted that they will comply with the Guatemala Now it matters more. Next November, an international verification commission will be visiting the country to judge whether Honduras is abiding by the peace plan.

The Contras could conceivably hide some of their camps

knowledged that they allow any Contras to operate here.
Certainly, the Government has done nothing yet to fulfill its obligations. While Nicaragua, El Salvador, Costa Rica and Gustemala have set up National Reconciliation Commissions, to monitor the authorities' compliance. Honduras in the jungle. But they will also have to find somewhere else to put their computerised communications equipment. planes and supply dumps, currently housed in Honduran army bases such as Aguacate and Swan Island.

Island.
Such disruptions would clearly displease the US Administration, which continues to support the Contras as vehemently as ever. Mr George Shultz, Secretary of State, announced recently that President Reagan would ask Congress for \$270m in Contra aid for the next 18 months. If the Government says there Since the Contra programme began, Honduras has become ever more economically and po-litically dependent on the Reis no need for a reconciliation commission because there is no need for reconciliation, why not create one anyway, to show good faith?" wonders a Europe-an diplomat here.

"If they haven't done it," he

agan Administration Unlike
Costa Rican President Oscar
Arias, one official here laments,
Mr Azcona has not built any
bridges to Democratic Congressmen who might provide a safety net should Tegucigalpa untie itself from US policy.

Tionduras would like to see the backs of the Contras," says a talks with the Western diplomat here. But it leadership."

suggests, "it's because there is one irreconcileable question here the Contras."

The way the Nicaraguan reb-

els have used Honduras for the past five years as a sanctuary and a logistical rearguard has drawn predictable protests from left-of-centre political par-

ties and trade unions. But it has also tested the pa-

is powerless to do much about The Contras too are worried about their position after November 7. Although US Congressional leaders have reached a preliminary deal to give the rebels \$3.5m in humani-tarian aid to tide them over when their current funding ex-pires on September 30, the Con-tras have a wider political prob-

"We have to be jugglers, keep-ing three crystal balls in the air," explains Mr Alfonso Ro-belo, one of the Contras six po-

Those bails are not necessari ly compatible; the Contras must preserve their political mity and ensure the maintenance of and ensure the manners at their army, yet never appear an obstacle to the peace process obstacle to the peace processions! for fear of losing Congr

Support.

"How are we going to keep our military force alive, without failing to comply with the peace plan. That's the real question." save Mr Robelo.

The Contras have formally accepted the Guatemala accord, but are treating it with great reserve. Rebel military commander Col Enrique Bermudez has ordered his troops not to take the amnesty the Sandinistas have offered and Mr Robelo is not rushing back to Nicaragua to organise his political supporters. He hopes to be home by November 7.

November 7. The Contras, meanwhile, are demanding negotiations with the Sandinistas to arrange a ceasefire, but the Sandinistas havesteadfastly refused such talks and instead have unilater-ally declared four small ceasefire zones in which they hope to persuade individual Contra field commanders to accept an

unesty. "We will talk to the people who are sending the guns, the Reagan Administration, or to the people who are firing them, a senior Sandinista official told reporters. "You can rule out talks with the Contras' so-called

EX-CONTRA BOSS RETURNS

Mr Edgar Chamerre Corenel, a former Contra leader, returned to Nicaragua Henday night, bearing the amnesty offered under Central America's new

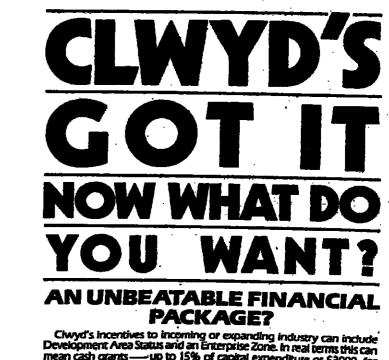
Mr Chamorre, once a seasor of the Micaragona Democratic Force (FDN), is the highest ranking former rebel to come hame. He told reporters after a flight from Missat that joining the Contras had been a political mistake.

He said he had returned for a three week "exploratory" visit to contact old colleagues in the Countervative Party, and to gauge rocent political referms that the Sandinish Government has introduced.

The 56-year-old educational psychologist joined the FDN's seven member directorate in December 1962, when it was first reakspee under CIA guid-ance. He was expalled in No-vember 1964, after publicly criticising fellow FON leaders.



Calls to Citycall are charged at around 38p/min 8am -6pm and 25p/min after 6pm and at weekends inc. VAL



mean cash grants—up to 15% of capital expenditure or £3000 for each job created. Rate-free periods, cheap loans and rent concessions can be available too. For further information on doing business in Clwyd, clip the coupon or contact the Clwyd industry Team, Clwyd County Council, Shire Half.

NAME	TITLE	- 4 1
ADDRESS		<u>-</u> #
A better bu	Siness derie]	T 21/10 }
	THE COUNTY OF	3

Peking meeting to set course of policy for decade

BY ROBERT THOMSON IN PEKING

THE CHINESE Communist Party esterday began a series of high-evel meetings that could see the passing of a generation of elderly leaders and set a policy course into

The party's Central Committee held a plenary session here in pre-paration for the 13th party congress

The committee formally approved the dumping of Hn Yaohang. the party chief who was forced to resign last January for allowing the spread of "hourgeois" ideas.

Curiously, Hu was among the aders presiding over yesterday's ecting, as were several elderly officials who are expected to retire in

They include Li Kiannian, the nt, and Chen Yun, a semior Hu could be further burnilisted at

the congress by being removed from the elite politicuro standing The meeting also approved the removal from the central committee of Shen Ta, 70, the former direceneral of the Chinese airline.

CAAC, after investigations into allegations of bribery and sexual in-He was replaced in early 1985, af-

ter he had overseen the rapid growth in the airline's services but little improvement in the quality of

into battle

nique, yesterday's meeting was "conducted in an atmosphere char-

acterised by democracy, unity and the party this year has been charac-terised by intense in fighting, parti-cularly after the dumping of Hu Yaobang and in the months leading

Most of the congress's important decisions have alaready been made. with deals done to secure the retire ment of elderly officials, who will have had much influence on the

The congress, which is expected to last about 10 days, is also likely to replace Hu as party chief with Zhao Ziyang, the present Premier.

Apart from the personnel changes, political reform will be the most sensitive issue to be discussed. The communique yesterday noted that party members have approved a document entitled General ideas on the reform of the political

Last year, grand ideas were de-bated. These included the separation of party and government, but that was curbed by a campaign led by conservative Communists, who sidered the suggestion a threat

The "general ideas" in the document yesterday would have been ervice. vague enough to keep reformers
According to a party commuand conservatives happy.

Japan starts talks on navigation data system

BY IAN RODGER IN TOKYO

THE JAPANESE Government When used together with broad-has begun negotiations with cast information from conven-several Gulf countries on the in-tional sources, such as the In-

Two weeks ago, Japan ennounced that it would invest
\$10m to purchase and install
the Decca navigation system,
made by Racal Marine Systems,
in the Gulf. The investment was
purely financial one. They hope
that the property of the System to a
purely financial one. They hope
that the real property can

Ine security of commercial naviers of the initiative, perhaps with the gation in the area.

Japan, which depends on the organisations, on the selection of its energy supplies, had been struction and maintenance of under pressure from Western allies to do something. However, the Government's options to Japan of Saudi Arabia, Qatar, were limited because Japan's Oman, the United Arab Emir-

er, use covernments spuens to Japan or Saudi Arabia, Qatar, were limited because Japan's Oman, the United Arabia Emirconstitution probibits the use of size and Enwait were invited to Japanese forces or equipment in external military operations. Tadashi Kuranari, the Japanese One of the attractions of the Decca system, from Japan's their support. Discussions are point of view, is that it will be totally automatic, requiring no on-the-spot operators and only occasional maintenance.

Moscow assails Soviet key to US action

THE Soviet Union yesterday de-nounced in restrained terms the US naval attack on two Ira-

the US naval attack on two fra-nian oil platforms as "an obvi-ous violation of international law." Patrick Cockburn reports from Mescow.

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokes-man, repeated a Soviet propos-al previously made that "foreign navies be withdrawn from the Cult and a UN naval force he Gulf and a UN naval force be set up replace the fleets of the -littoral states in that re-

He said the Soviet Union had repeatedly warned that an esca-lation of the Gulf conflict was lation of the Gulf conflict was likely to happen, caused not only by the Iran-Iraq war but by the US military presence in the region. He said the US action was unacceptable from the viewpoint of international law, politics and morality."

The Soviet spokesman repeatedly stressed that the Soviet Union sees the UN as the body most suited to organising international action in the Gulf. By becoming a participant in the

becoming a participant in the Gulf conflict, Mr Gerasimov said the US was acting contrary to the UN resolution which it had sponsored together with

several Guif countries on the in-stallation of a navigation data ternational Maritime broadcasting system to improve Organisation on local threats to the safety of ships sailing in the area.

In onal sources, and in ternational threats to shipping, such as mines and railitary activity, it could be

and operation of the systemion to a purely financial one. They hope part of a series of measures constituting Japan's contribution to the security of commercial navigation in the area.

on-the-spot operators and only GW countries.

Cocasional maintenance.

Japanese officials would not The system will consist of a say how advanced were their series of transmitters - the Japanese say there will be from 20 to chase of the system. However, it nese say there will be from 20 to chase of the system. However, it 30 - set up on towers at various is not the sort of product that is points around the Gulf. All that the system does is to send out may be some time away. Racal signals which enable ships to determine their location with a ciently advanced to comment in very high degree of accuracy.

Mideast peace

A TOP INRAELI efficial said yesterday that there was "still a chance" of a breakthrough in the moribund Middle East peace process despite the glosm which has descended an the region after the recently cancinded tour of Mr George cancinded tour of Mr George

of the Soviets', said Mr Yossi Bellin, director general of the Foreign Ministry, looking ahead to Mr Shuits's visit to Moseswinter this week.

Lendon today for talks with British officials including Sir Geoffrey Howe, the Foreign Secretary, centring on the pro-

Reports in Israel yesterday suggested that Mr Yitzhak Shamir, the Prime Minister, has softened his adament oppoting a formal role for the Soviet Union in the peace process.

Australia-Fiji air links

bans to be imposed by Anstra-lian airline industry unions, But the unions indicated Chris Sherwell reports from Syst-there may be room for excep-The action comes on top of people wished to leave Fijian nationals wanted to retrallan unions, and is being takturn to their country from Australian union activity under Fijian mation follows.

ed: Quntar, Australia's state tions against Fiji in response to owned airline, Air Pacific, Fi- the coup

FLIGHTS between Fiji and ji's national carrier (for which Australia are expected to halt Quntas has a management from November I as a result of agreement), and Canadian Pa-

union activity under Fili's new military regime.

The action follows the announcement on Monday that nouncement is imposing sanctivity and activity under Fili's new military regime.

INDIA THREW more troops into Sri Lanka yesterday but Tamil and diplomatic sources said Jaffna's outgunned Tamil Tigers might start slipping out of the shell-cratered stronghold to fight on in the countryside, Reuter reports from Col-

India sends

more troops

Thousands of Tamil refugees continued swarming into central Sri Lania from Jaffin and some told reporters the heavily-mined northern port city was 'ene big boeby trap' for advancing Indian troops.

Bullets and rockets had gouged the city's low-lying brick and mud houses and many dead bodies lay in the streets after running buttles marked by massacres on both sides, they said.

Liberation Tigers of Tamil Eclam fighters urged the International Bed Cross to investigate its charges of atrocities including rapes by Indian troops seeking enforce an Indo-Sri Lankan peace pact. India denies the charges.

Airline officials in New Delhi said India was sending in

Airline officials in New Delhi said India was sending in more soldiers against the LTTE, whose sarong-clad guerrilias hold Indian prisoners and refuse to give up a four-year-old armed struggle for an independent homeland. They said between 4,000 and 6,000 troops came between Thursday and Tuesday to back 8,600 already deployed at Jaffina with heavy armour and at least 6,000 elsewhere.

John Elliott reports on a force renowned for toughness but bound by the rule book

Fear of mistakes hampers Indian army

india's proud and large army of some 1.1m people has only lost one war - against China in 1965 - during the country's 40 years of independence. But its experience, training and inflexible structures gave it little preparation for its present bloody conflict with Tamil Tiger extremists in Sri Lanka where it now has at least 17,000 troops, and maybe more than 20,000.

It has built a reputation for

tough effectiveness by defeating its smaller neighbour Pakistan in three short wars since 1947, and by guarding India's long 15,200km of land borders, in-cluding the 219,000k high Siach-en glacier where major battles here been wan against Patiets have been won against Pakistan serious mistakes of the past in recent weeks.

But observers believe it does

not have the flexibility and sen-sitivity to cope instinctively with new situations such as fighting guerrillas, despite con-siderable experience tackling years of insurgencies in India's far north eastern states of Tri-pura, Nagaland and Mizoram. pura, Nagaland and Mizoram.
General Krishnaswami Sundarji, India's respected and outspoken chief of army staff, said earlier this year that over-centralisation and a failure to encourage initiative were the army's "significantly weak areas." He warned that "if we have an over-centralised set-up in neace results cannot be expec-



to learn fast and overcome some week or so, when it lost men by not preparing the ground be-fore parachute drops and by not taking enough precautions against land mines.

India's army is the third lar-gest in the world after the Sovi-et Union and China, but probably ranks fourth if the US Army total is expanded to include the Marines. It is also the world's largest volunteer army because there are no conscripts. Privates, known as jawans, are re-cruited between the age of 16 and 25 for a minimum of 15 years and make up much of what many observers say is an unnecessarily long administra-tive "tail" to the main fighting

including 400 Bofors 155mm of Gurkha and Sikh regiments, howitzer guns bought in a controversial \$1.4bn order from what is now broadly a secular Sweden. It has also recently army with each division being howitzer guns bought in a controversial \$1.4bn order from troversial \$1.4bn order from what is now broadly a secular sweden. It has also recently army with each division being formed Army Aviation to operate its own combat and transport helicopters for the first time.

In addition to a 150,000-strong Indian Air Force and 5,000-strong June 1984, there were companions from New the army is supplied the Rainut wavior caste from the south the Rainut wavior caste from th

Indian Air Force and 5,000-strong Navy, the army is supple-mented with various paramilitary forces which total over Im more people. The most impor-tant of these are the Central Re-serve Police Force and the Bor-der Security Force. But there are also a number

standards, but adequate when compared with low salaries of other Indian public servants. General Sunderji receives ru-pees 9,000 (about £1,500) a month, while a major general is on about rupees 5,300 and a col-onel goes up to about rupees 5,000. On top of this there are various extras. An acting colonel has a three bedroom army house on a cantonment which has its own free school, plus a batman and monthly allocations of rice, spices and lentils. A full colonel moves on to a car with

the Rajput warrior caste from Rajasthan, Biharis from north

central India, and outers trom the Himalayas as well as Sikhs

themselves, who make up about 10 per cent of the total army.

Sri Lanka now where Tamil soldiers from the southern Indian State of Tamil Nadu are fighting Sri Lanka's Tamil extremists,

There is a similar mixture in

Temple raid.

formed about their army, says one foreign soldier who has trained with the Indian army. They know more about the sizes and equipment of the army and the rules for carrying out a manoeuvre like crossing a river or attacking a post than most others in the world. But I do not think they are flexible at putting this into action. Their slavishness to their rule book, and their fear of ruining their

small proportion of Sikh sol-diers after the 1984 Golden

career by making a single mis-take, impedes initiative. "Unfortunately, it has become courage initiative were the argument of my's "significantly weak areas."

He warned that "if we have an what many observers say is an over-centralised set-up in peace, results cannot be expected as if by magic in war."

Judging by the progress the argument of summer and 25 for a minimum of 15 of other paramilitary groups, ranging from the Railway Police and Central Industrial Security Force to the Ladakh just as Sikhs fought Sikh expected as if by magic in war."

Judging by the progress the argument of its going through a period of authority rapid change, adopting new on Jaffna, it has the capability technologies and equipment, on the loyalty and fighting skills

But there are also a number of other paramilitary groups, ranging from the Railway Polices of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear Strict of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear State of Tamil Nadu are fighting strict of our ethos - this fear strict of our ethos - the strict of our ethos - this fear strict of our ethos - this fear strict of our ethos - this fear strict of our ethos - this fe part of our ethos - this fear of making mistakes," says General Sunderji. It has prevented de-centralisation of authority in peace, the development of lead-

What sort of person prefers to travel InterCity?

Archimedes sank back into the welcoming upholstery of the 17.30 Pullman from London to Newcastle.

He felt the tension of the week fall away as he slowly took ice cubes out of his gin and tonic, occasionally nodding to himself and writing notes about the displacement of liquid.

Further down the train, René Descartes dropped his Times crossword and smiled reflectively at the liveried waiters as they served his Fillet of Sole Maître D'Hôtel and Macon Villages.

Pythagoras, at the next door table, gazed raptly out of the window at the countryside, whistling past his window at 125mph, occasionally doodling triangles on his napkin.

The relaxed and patrician figure of Isambard Kingdom Brunel stole a glance over Pythagoras' shoulder, gasped with the air of a man whose mind had suddenly been given an electric shock, and started furiously drawing plans of the Clifton Suspension Bridge.

The civilised quiet of the train was suddenly shattered by a cry from the far end of the carriage.

"Eureka" cried Archimedes.

"I've got it" muttered Pythagoras "The square on the hypotenuse is equal to the sum of the squares on the other two sides."

"Cogito ergo zoom" whispered Descartes to his ever attentive waiter.

"I'm sorry sir?"

"I think, therefore I travel InterCity" explained Descartes.

A FINANCIAL TIMES CONFERENCE **NASDAO**

Hotel Inter.Continental, London 11 & 12 November, 1987

For information please return this advertisement, together with your business card, to: **Financial Times Conference Organisation**

2nd Floor, 126 Jermyn Street, London SWIY 4UJ Alternatively, telephone 01-925 2323 telex 27347 FTCONF G Fax: 01-925 2125

Weekday flights from Gatwick Nov 1 to Dec 11, 1987.

THE DEMANDS

21 days advance ourchase.

BELIEVE

MOMENT

Supply and demand...the oldest and purest form of economic truth.

When allowed to function openly and

naturally, it assures the world's fairest price. Nowhere is this more evident than in the open outcry auction system of the Chicago Board of Trade. We absorb the risks of the world's commerce in the most liquid, orderly

marketplace in the world.

expectations or prices.

But this form of free enterprise depends on the free flow of the market. Unhampered by unrealistic government restrictions or constraints. Or artificial barriers or limits that create false

Supply and demand. A simple premise that works. We believe in it.

> Chicago Board of Trade The exchange to believe in.

New talks planned on hormones in meat

By Quentin Peel

The delay is seen as necessary to cope with the fact that EC member states have themselves introduced the ban at different times, meaning that al-though hormones cannot be used in cattle after January 1, they will be legally present in meat products for up to two

Commission officials would only confirm yesterday that var-ious transitional arrangements might be proposed for the 'tech-nical problems' identified,

See your travel agent or contact

49 Albemarle Street, London W1X 3FE (01) 629 5353 Manchester (061) 499 2471

Japan electronic exports win EC tariffs reprieve

NEW TALKS between the EC six key Japanese electronic exand the US to try to resolve the ports, in a bid to extract better compensation for Tokyo's trade

and the US to try to restrict the compensation for Tokyo's tracts to compensation for Tokyo's tracts imminent European ban on hormones in meat products will be held at the end of the month in London.

A delay on the enforcement of pan for Spanish and Portuguese offer was not enough. Spain, which had been thought around to account the offer, was

for retaliation if negotiations fail are compact disc players, digital audio tape recorders, video recorder components, amplifiers, electronic organs

ed, and compact disc players dropped - and was not dis-'cussed at yesterday's meeting of EC Trade and Foreign Minis-

inclined to accept the offer, was persuaded to go along with the rest of the EC.

European Commission one month to seek a better deal, before they decide formally not to rebind the tariffs on the list of

of between 13 and 19 per cent.

Commission officials insist, however, that the product list is not yet definitive. "There could be only three products, or there could be six" according to one. The Ministers did succeed in

agreeing on a new deal for Argentina in the wake of Spanish and Portuguese membership, providing more generous access for Argentine meat and up to 550,000 tonnes of brau.

for retaination it negotiations fail are compact disc players, rebind the tariffs on the list of digital audio tape recorders, video recorder components, amplifiers, electronic organs and microwave ovens.

Officials insisted yesterdsy

Trade Commissioner, said that parallel negotiations with Canada are stuck on the question of Canadiants and microwave ovens.

Trade Commissioner, said that which has been referred to the Gatt for arbitration.

GEC set for major phone deal in Ecuador

THE General Electric Company the UK electronics group, is ex-pected to announce soon its first major overseas order for the System X digital telephone

exchange. The order, which will be from Ecuador, is likely to be worth C15m to £20m for just over 60,000 lines of exchanges to be deliv-ered during the next 18 months. It could lead to substantial fol-

It could lead to substantial follow-up orders.

The Ecuador deal, if confirmed, follows overseas orders for System X won this year from Colombia and China by Plessey, the company which developed the exchange jointly with GEC.

This suggests that System X is finally shrugging off its poor reputation in world markets, brought about in part because of former tensions between GEC and Plessey. GEC's only previous overseas order for System X was a small one from the island of St Vincent.

Earlier this month, the two companies announced they were merging their telecommunications equipment interests

were merging their telecommunications equipment interests in a joint venture.

They are discussing the detailed implications for System X of this merger, which is likely to lead to reduced manufacturing costs and increased resources being channelled into their export effort.

Mr Tony Snoad, GEC's managing director for telephone switching, speaking at a major telecommunications exhibition in Geneva, said: We have put in

in Geneva, said: We have put in a highly competitive bid to Ecuador on technical and price grounds, but I cannot comment further.

Seoul forecasts export growth

SOUTH KOREAN exporters can look forward to growth next year of almost 16 per cent to a total volume of \$51bn, the Min-istry of Trade and Industry re-ported yesterday. The forecast-follows news of a record monthly current account surplus of \$1.35bn in September. Last month's figure, following the serious labour unrest in Au-gust, underlines the minor ef-

gust, underlines the minor effect the strikes have had on the economy. The surplus brings the accumulated current account surplus so far this year to \$7bn, with \$10bn in sight by the end of the year. South Korea had a current account surplus of \$4.2bn last year for the first time since its export-led strate-yy began.

gy began.
Last month's figures also marked the first monthly trade surplus of more than \$1bn. The \$1.1bn surplus reflects the beginning of the pre-Christmas period.

THE EUROPEAN Community that the list was not final there "automatically" lead to an investerday put off for one month have been persistent rumours: crease They will go up from the that motorcycles will be including present bound levels of beauty Japanese electronic exports, in a bid to extract better dropped - and was not disprevious "autonomous" levels

London.

A delay on the enforcement of the ban for imported meat after January 1, 1988 - for one year and possibly as long as two - is thought likely to be mooted by the European Commission, while it continues to insist that the ban as such will come into

EC endorses farm talks plan

BY CLUENTIN PEEL

EC member states yesterday ent paper - merely a gave their blessing to a two- contribution and not a negophase approach to internation tiating mandate - manages to al farm trade negotiations - reconcile them through ambigual farm trade negotiations -starting with market-sharing

The EC proposal - to be presented to the group negotiating agriculture within the new round of the General Agreement on Tariffs and Trade (Gatt) ment on Tarins and Trade (Gau)
in Geneva - falls far short of the
US plan to scrap all subsidies
by the end of the century. On
the other hand it is more detailed on how it proposes to get
at least part of the way to such a
goal.

emerged between the member states yesterday on how to tack-le the whole problem of liberal-

a isation exercise.

Mr John MacGregor, the British Agriculture Minister, went ship of the British reservations about the EC proposals.

The European Commission paper suggests that in exchange that for dismantling EC subsidies in ture key areas like cereals, tariffs may have to be raised on prodity.

Mr Michel Noir, the French
Trade Ministar, put great stress
on the need for globality in the
Gatt negotiations, meaning that
any progress on agriculture
must be balanced by progress
on other issues such as trade in services, and protection of in-tellectual property. He actually suggested that the agriculture proposals be held back until the European Commission had drafted its papers for those oth-

er areas.

Mrs Lynda Chalker, the British Minister of State at the Foreign Office, warned on the other hand against linking all elements of the negotiations too closely together, for fear of delaying the entire trade liberal-

may have to be raised on prod-ucts like cereal substitutes and

oilseeds. Any such move would

It also says that the current oversupply and subsidy war in the world markets should be

tackled by agreeing on mini-mum price and effective mar-bet-sharing arrangements be-

retalization.

Norwegian contractor plans oil barter with Soviet Union

THE NORWEGIAN offshore oil in Turku, Finland. "We are ofservice contractor, Golar Nor fering the Russians a service
Offshore, may supply the Soviet contract for oil production faUnion with an oil production cilities in return for oil as comvessel in return for oil in a potential NKribn to NKribn vold, managing director of
(\$150m to \$227m) barter deal.

Golar Nor Offshore, owned by

Golar Nor Offshore, owned by the Norwegian industrial group Aker Norcem, and the international shipping concern, Gotass-Larsen, has been in talks with the Finniah shippuilder, Wartsila, about jointly supplying floating oil production services to the Russians.

Part of the scheme envisages

Golar Nor Offshore.

Golar Nor Offshore.

Mr Gisvold said initially they would provide the Petrojarl 1 would in 1989. The Petrojarl 1 would iben be replaced with the new vessel, the Petrojarl 2. Part of the scheme envisages

building a production testing "We are offering the vessel for vessel at the Wartsila shippard oil field delineation work on a eries.

Russian offshore oil field in the Barents Sea, west of the Kolguy-ev Island onshore oil discov-ery, said Mr Gisvold.

Positive interest has thus far Positive interest has thus far been expressed by the Russians because this kind of joint ven-ture fits into the new Gorbachev policy, and also meets the Rus-sian need for quick convertible cash flow from oil, said Mr Gis-vold, although he stressed that the project was in the discus-sion stage only.

The Russians have been exploring the Barents Sea since 1982 without making any discov-

Peter Montagnon in Taipei meets an advocate of exports from Asia

Taiwan defender set for long haul

of Homestead, Pennsylvania, he years ago. Its aim was to manurecalls how, during his child-hood, lights were turned on at tuning device that would othernoon, so dense was the smoke wise have become obsolete. In those days the motivation

MR James Klein, president of to the US. We are selling back General Instrument of Taiwan, into Taiwan. Or we are selling is far more important to the stand the protectionist sentiment that has been building up in the US over the past couple of years.

Brought up in the steel town of Homestead, Pennsylvania, he wears ago Its aim was to many.

Namethalass the head attention of the mestead pennsylvania, he wears ago Its aim was to many.

hood, lights were turned on at noon, so dense was the smoke from the mills. The mills are all gone now, forced to close by cheap foreign competitions.

Yet the resulting economic desolation is not something which he believes should be used to justify protectionist attacks on efficient exporting countries like Taiwan.

Politicians who espouse protectionism in Washington make the mistake of assuming that regional and sectoral problems apply to the US as a whole This leads them to oversimplify the case against cheap imports from countries like Taiwan, he says.

US companies like General Instrument are the largest former countries like Taiwan, he cause about 75 per cent of their production is shipped back to the US, they are often accused of aggravating the US trade deficit.

Yet, says Mr Klein, selling to the US, they are often accused of argravating the US trade deficit was far outweigh the molonger of the US, they are often accused of argravating the US trade deficit was far outweigh the molonger of the US, they are often accused of argravating the US trade deficit was far outweigh the molonger of the US, they are often accused of argravating the US trade deficit was far outweigh the molonger of the US is no longer the primary purpose of being in Taiwan.

Most of us are not just shipping

in Taiwan if the going gets tougher.

Nonetheless, the basic attractions of Taiwan "haven't changed. As a matter of fact they have got better," he says, pointing, for example, to the freedom to invest in whollyowned subsidiaries and to remit profits home in full.

General Instrument is in Tai-

act to buying orders. The buyers will almply move elsewhere - to

will simply move elsewhere - to Hong Kong or Thailand - if Taiwan becomes too expensive.
But currency appreciation may bring some unintended problems in its wake. The US could be flooded with unwanted and controversial investment from East Asia. By squeezing Taiwan's economy, Washington could also upset the fragile process of democratisation now at work in Taiwan an importent work in Taiwan, an important political ally.

owned subsidiaries and to remit profits home in full.

General Instrument is in Taiwan for the long haul even if that means adjusting to new economic circumstances, and it does not regard itself as responsible for the US trade deficit.

Mr Klein believes that the US has been right to press the government of President Chiang Ching-Kno to open the market to imported goods and services.

We need market access, he says.

What he criticises, however, is pressure from Washington on Taiwan to revalue its dollar, which has risen by over 25 per cent in the past two years. The US currency now fetches just

fore.

Taiwan can cope with currency appreciation provided the pace is not too rapid. What worries Mr Klein more is the fear that, in the absence of a shift in the trade figures, protectionist sentiment in Washington could grow to the point where, like prohibition between the wars, it is legislated by default. is legislated by default.

THE STATES L

INTERNATIONAL AND DOMESTIC CONNECTIONS ALL UNDER ONE ROOF; ONLY AT PAN AMS J.F.K. WORLDPORT



Gathering pace of micro-engineering

David Fishlock reports on the mechanical possibilities of a material more noted for its electronic applications

has moving parts - gears, cranks, slides, even actuators - instead of, or even as well as, integrated electronics. Such an "enabling technology" could open a host of new opportunities in micro-ministurised engineering.

ministurised engineering.
It is not a mere figment of someone's imagination. One could, in fact, find its way into the home early in the 1990s, in a new kind of gas meter no bigger than a brick.
Silicon, according to materi-als scientists, is now the best

als scientists, is now the best characterised of all engineering materials. Until now its electronic properties and the potential for packing ever more electronic functions into a given area of silicon have overshadowed the mechanical aspects. Since the early-1970s, however, engineers have been exploring the mechanical properties of the silicon chip, with increasing excitement. In 1982, Kurt

of the silicon chip, with increasing excitement. In 1982, Kart Petersen, then with IBM's research division in California, reviewed the technology in a seminal paper. It showed how the rapid fall in the cost of electronics through very large scale integration (VLSI) had produced a situation where the cost of associated mechanical parts such as transducers, sensors and interfaces outweighed the cost of the microprocessor which controlled them.

The hig question was whether silicon fabrication technology

silicon fabrication technology might do the same for these mechanical parts as it had done for the electronics. As Petersen concluded, "we are beginning to realise that silicon isn't just for circuits any more."

In mechanical terms, silicon is an intrinsically strong material, prepared to unprecedented standards of purity and crystalline perfection, and to give highly reproducible properties. It has an elasticity close to that of stainless steel or nickel, and It has an elasticity close to that of stainless steel or nickel, and a hardness close to quartz. The same processes used to fabricate arrays of electronic functions can be used to fashion mechanically useful shapes with strengths exceeding the best alloy steels.

Just how rapidly silicon mi-

Just how rapidly silicon mi-cro-engineering is advancing became clearer this year with the Transducers 87 conference of the Institution of Electrical

U

一般の一個なると、一般ないないと、これのないというない



made with silicon planar technology were reported by the Berkeley Integrated Sensor.
Centre of the University of California.
A Tall Bell Laboratories reported by the Berkeley Integrated Sensor and parts. They included plan joints and other mechanical status the coperators, and the ported a micro-ministance air turbine with blades only 100 micrometres long, spinning at 2,4000 rpm (revolutions per minute); as well as an attempt to make electrostatic motors of silicon.

The mechanical swap the researchers have used supported by a standard photo-lither and infrared sensor composed of an array of silicon cantilever—beams only 10 micrometres to an array of silicon cantilever—beams only 10 micrometres to an array of silicon cantilever—beams of silicon.

The projects used a variety of different silicon bechnologies to an Contre its micrometras in the size, as well as an alkieplezer using mirrors.

The Berkeley Integrated Sensor complexed the such combined into crash or gear structures. But the mechanical structures, in this way the researchers and the colleges to an array of silicon cantilever—beams of silicon.

The projects used a variety of different silicon bechnologies to are complexed to an array of silicon and the silicon has been only 100 micrometres in the silicon projects and complex structures, in this shaft, it was seed beneath and the sace jointly by the National Office of the components of this silicon projects and convertes to might an array to the silicon projects and convertes to might be some complex structures, in charge and two kinds of a micro-ministry of the camponents of the silicon projects and the silic

The second secon

will spin freely on a post, in one

piece.
Silicon motor. The same Bell team is also exploring electro-static motors - linear as well as-rotary - of silicon, as another kind of actuator for microminia-ture mechanical systems. Such a motor needs no magnets - a

a motor needs no magnets - a considerable advantage in miniaturisation.

In this design, two separate silicon chips act respectively as rotor and stator. When placed face to face with their electrostatic pole faces in register a woltage between them makes the rotor move.

The researchers say rotor and stator need to be aligned very accurately. They found the two chips of a 5mm diameter electrostatic motor had to be aligned to within 4 micrometres, a precison which, they learned, "can be a achieved with patience and care."

Such a motor, driven at 130 volts between the two chips, will rotate at 6,000 rev/ min, producing a quarter of a watt of power.

Brozed inclusion. Thorn, EMI

cations for small mechanical systems in micro-surgery, minitature tele-operators, automated assembly of small and fragile electronics, and to shrink the size of interplanetary space probes.

It eites speed, precision and resistance to dimensional changes with temperature among the advantages of microengineering systems.

The team fabricated its turbine by a standard photolitic.

Ford goes more technical

THE GROWING importance of electronics in road vehicles is pointed up by the fact that Ford of Britain is building a £10m Electronics Technical Centre. It will form an important part of the company's £200m research and engineering centre at Dunton in Essex and is due to become operational by the spring of 1989. It will employ 90 people.

Since the mid-1970s, when specialist ignition systems and radios were about the only manifestations of electronics

manifestations of electronics to be found in the production car, development has moved on to embrace transmission control, fuel systems, instrumen-tation and even electronic con-trol of the car's suspension.

In another development at Dunton, Ford has just commissioned a "driveability test chamber." It is for environmentally testing vehicles, but unlike most such chambers which generally do individual tests, it provides best, cold, humidity, wind and a rolling-road dynamometer so that every kind of driving condition can be reproduced at speeds up to 136 mph. In another development at

A sensitive package

FINDING OUT how packages or crates have been handled in transit is a frequent problem

transit is a frequent problem for any company. Now, this is being made easier and mere accurate by Dynamic Test Systems of Ware in the UK.

This microprocessor-based unit, designated DHT-1008, records the date and time of each bump and can also log the temperature at regular intervals. In addition, it can record the height through which the

In addition, it can record the height through which the crate has been dropped by measuring the minute changes in air pressure with an ultra-sensitive harometric sensor.

With integral, re-chargeable batteries, the unit can operate unattended for up to 30 days and record up to 399 events. The results can either be read out on the unit's small screen or can be sent to a computer or or can be sent to a computer or printer.

Analysing the

BHRA, THE Fluid Engineering Centre, Cranfield, UK, is offering a computer-based pipe network analysis service aimed at the petrochemical, offshore, power generation and water industries.

Itsing software developed in

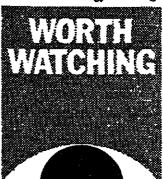
Using software developed in conjunction with Amazon Computers, the system can predict fluid flow within a sys-

tem, assess possible solutions to problems and review modifi-

to problems and review modifi-cations that are contemplated to a particular design. Steady state, transient and flow balan-cing behaviour can be tackled, as can sixing and cost optimi-sation of the pipework compo-nents. A graphics system al-lows the centre's engineers to simulate a network very opick. simulate a network very quick-ly, presenting the results in high quality graphical form.

A publishing collaboration

IN THE UK, Pira, the printing industry research organisa-tion, and Cranfield Information Technology Institute are to collaborate in the provision of 'new technology' training



Edited by Geoffrey Charlish for senior executives in the

publishing, printing and advertising industries. The move follows an investi-The move tollows an investigation by Pira, supported by the Manpower Services Commission, which showed a serious need to step up awareness of the subject among British senior exectives in this field.

Venturing with defence ideas

THE SUPPOSEDLY difficult task of winkiling out commercially viable pieces of technology within Britain's Ministry of Defence and turning them into money-making propositions is well on the way to being solved by the two-year-old Defence Technology Enterprises (DTE) of Milton Keynes. Set up by venture capitalists with the blessing of the MOD (this page, Sept 3), DTE acts as a kind of "middle man" between MOD and industrial companies and now has 25 technology transfer licences under its belt. It is also taking income THE SUPPOSEDLY difficult

belt. It is also taking income from over 200 associate mem-bers who are able to gain ac-cess to developments at MOD's

It's the 2 best news the 4 ≥ market's had €

four major research establish-

Details of some of the projects have just been released. They include a microprocessor development from the Royal Signals and Radar Establishment (RSRE), Malvern, a novel wood/rubber composite materi-al with high impact resistance (Royal Aircraft Establishment, (Royal Aircraft Establishment, RAE), an efficient radar reflector for yachts (Admirafty Research Establishment), and a feamed anti-icing fluid which can be quickly and easily removed from an aircraft's structure immediately before takeoff (RAE).

ort (RAE).

If has also been revealed that

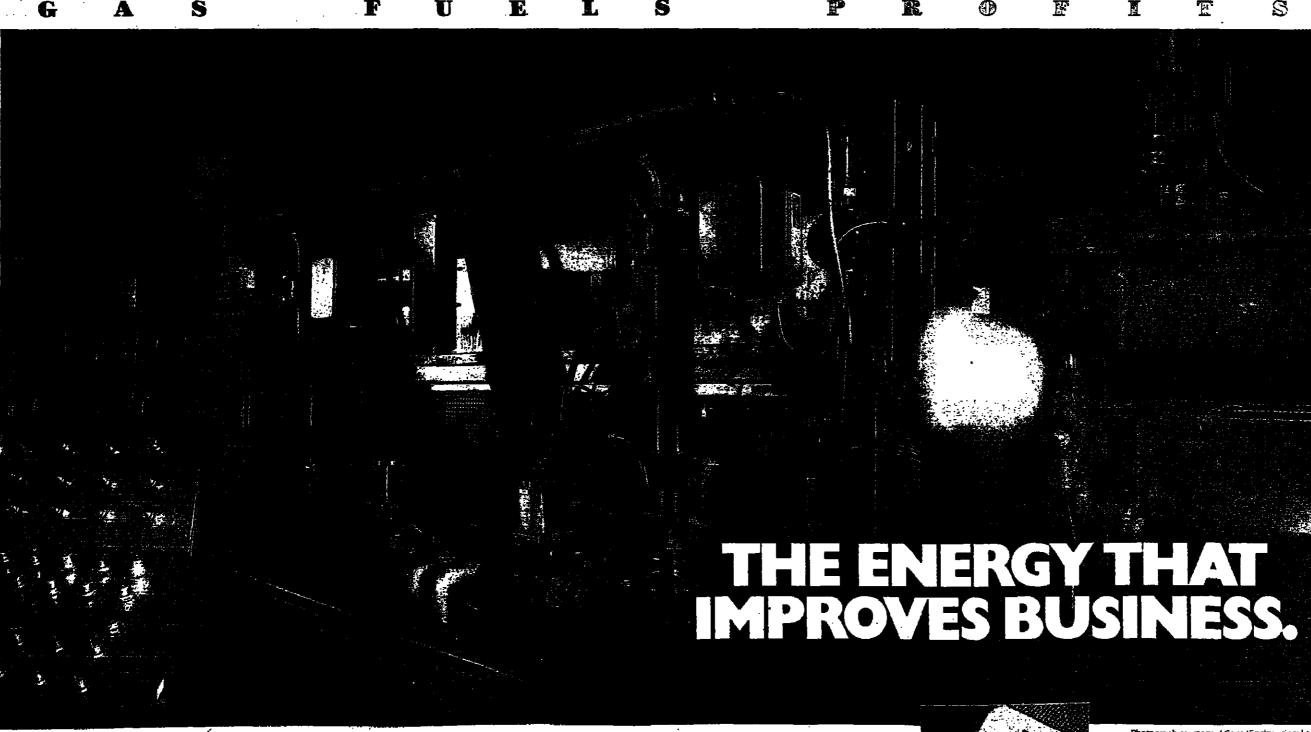
RSBE has a proven and patented technique for erasable optical memories. Optical memories, in disc or card form, have ries, in disc or card form, have a storage capacity many times that of conventional magnetic devices and will almost certainly replace them in a decade or two. Although there are many non-erasable media on sale, no one has yet marketed an erasable type on a commercial scale.

Revitalising a telephone link

THE WELL-KNOWN boss-to-secretary telephone system, which used to be called Plan 167, has been re-vitalised with modern electronics by Plessey Communications Systems of Nottingham in the UK.

The complete kit, consisting of two telephone instruments and a control unit, retails at about £200. It will plug into any British Telecom socket and give a variety of features for small offices, business pro-fessionals, retailers or even residential users. Known as the N5167, the system connects the N5107, the system connects two people, separated by up to 120 metres, with an outside line. It offers private intercom, a three way conference with the incoming caller, the ability to hold and transfer calls and a facility to avoid disturbing the bess when he or she is using the line. A more complex ver-sion, N5305, allows two or three exchange lines to be con-nected to four or five tele-

CONTACTS.Ford of Britain: UK, 0277 253000, DTE: UK, 0908 690245. Terminal bisplay Systems: UK, 0254 676921 Plessey: UK, 002 254822. Dynamic Test Systems: UK, 0820 821035 Bi-9A: UK, 0234 750422. Cranilett: UK, 0234 75011.



ENERGY IS OUR BUSINESS

It's clean, extremely reliable and infinitely controllable. It's versatile and highly efficient. for thousands of companies.

It's economical to use and has

It can improve product quality and helped to reduce manufacturing costs boost productivity. It's easily installed and often pays for itself within two years.

For a free copy of our fact file, ask your secretary to contact: Peter Cleall, Manager, Industrial Development, on 01-242 0789

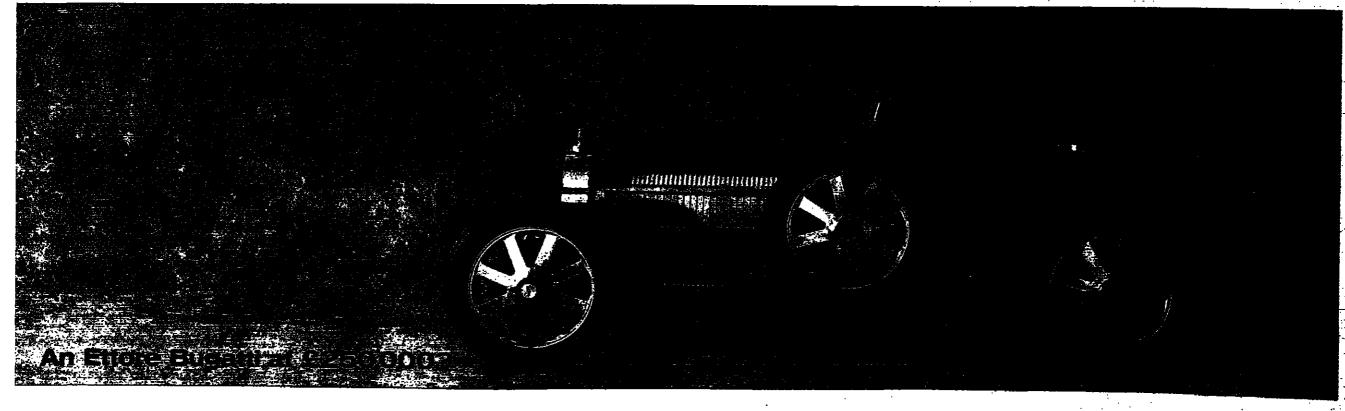
Photograph courtesy of Cego (Engineering) Ltd

Natural gas, it was made for modern industry. Ignoring it could cost your company dearly.

Which Bugatti will the NatWest Gold Plus Service stretch to?







The people who use the NatWest Gold Plus Service tend to be as individual as the Bugattis themselves.

Yet, for all that, Gold Plus members tend to share one thing in common.

Namely, the NatWest gold MasterCard.

The NatWest gold MasterCard is welcomed in over five million places worldwide. (Very handy should you come across one of Carlo's creations in Monte.)

You can also pay in full the moment you decide to buy. (Meaning you could pounce on one of Rembrandt's pumas no matter how dear.)

And there's no pre-set spending limit. (Absolutely invaluable when taking an Ettore for a test-drive.)

Worth noting also is the fact that membership is free in the first year.

The two main prerequisites for becoming a NatWest

Gold Plus customer are that you open a personal Current Account with us and earn at least £20,000 a year. So, if you'd like an application form, talk to your NatWest Manager, or call us on 01-374 0070 anytime. We'll be more than happy to consider your name. Even if it is only Tom, Dick or Harry.

♣ NatWest The Action Bank





MANAGEMENT

Why Sommer Alibert thinks of variations on a theme

Paul Betts on the French group's approach to capitalising on its heavy investment

large l europe

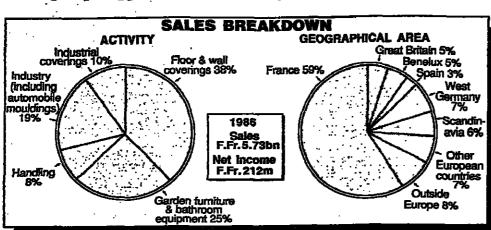
Sommer Allibert

BERNARD DECONINCK wanted to become a doctor but the war changed all his plans. By one of those strange twists of fate, Deconinck found himself 40 years ago making in-soles for the shoe industry. And it was while manufacturing soles that he suddenly came across the plastic processing business. "At the time we were buying plastic shoe-horns from another manufacturer and I suddenly had a revelation about the possibili-ties which plastic processing could offer."

Over the last four decades, Deconinck has transformed his company, Sommer Allibert, from a small concern employing barely 70 people into one of the leading European plastic pro-cessing groups which today em-ploys 8,000 people. It has an an-nual turnover of about FFr6bn and profits of FFr212m last year and is expected to grow to FFr275m or more this year.

It is undoubtedly a French success story. But Sommer Alli-bert also provides a good case study of how a small French enterprise has managed to devel-op into a multinational group by adopting from the outset a European approach to business and in the last few years an even more global strategy to ex-pand into the US and the Far East from its solid European

The diverse nature of the company's products and their separate marketing and manufacturing requirements also provide insights into two radically different ways of tackling European and international de-



The other, accounting for the remaining third of turnover, consists of industrial products, essentially plastic coverings for the automobile industry including carpets, boot linings, dashboards and head-rests.

Until recently we were es-sentially European in consumer products with Europe accountproducts with Europe accounting for about 60 per cent of our consumer product sales, and French in the industrial car businesses with the domestic market, mainly Renault and the Peugeot group, accounting for 35 per cent of sales," explains the location of the sales Michel Cognet, the general sec-retary of the company. For this fundamental reason, our ap-proach to these two businesses was inevitably different."

The most important characteristic of consumer plastic products is the heavy capital inrestment. The costs are so high that we could not rely on the French market alone to ensure the necessary volumes to make our heavy investments profitable. Just consider the simple fact that to manufacture a garden chair which retails for only f5 or f6 you have to set up a completely automated plant to ensure volumes and competi-tive costs," says Cognet.

nancial reasons, in Luxembourg and the remaining 5 per cent spread between the UK, Spain and Italy. To complement this centralised manufacturing sys-tem, the company established from the very start an extensive highly decentralised European distribution network which had some common elements but al-so catered to the specific needs and characteristics of individu-

There are huge differences in, say, the French and West German markets for these products. West Germany puts quality before price while price tends to come before quality everywhere south of the River Loire," explains Cognet. This implies different stocking and quality control approaches and poses, on occasion, problems between the product requirements of a given market and the group's centralised manufacturing pro-

This has forced Sommer Allibert to adapt products for spe-cific markets. For example, the electric ingredient in some of the company's plastic bathroom equipment has had to be adapted for the UK market where electricity standards are differ-

velopment.

Sommer Allibert's activities can be broadly divided into two sectors. The first, which today accounts for about two-thirds of sales, are consumer products ranging from plastic floor and wall coverings, garden furniture and bathroom equipment.

To capitalise on its heavy insays Deconinck. "The British like completely different colours from the French for their wall and floor coverings. We allow about 80 per cent of consumer therefore have to make allowances by providing different colour ranges - which represent the average of the company of the providing different colour ranges - which represent the average of the company of the providing different colours from the French for their wall and floor coverings. We about 80 per cent of consumer the problem, and the problem, and the problem, and the problem of the problem of the problem of the problem.

Specific characteristics of in-dividual markets also make it necessary in some countries to have consumer product manu-facturing facilities. This is the case in the UK where Sommer Allibert has just started to

high volume low cost products. Elsewhere, the company has acquired foreign manufacturing facilities to complement its overall range. For instance, in Italy it recently bought the rub-ber floor coverings activity of Ilgagoma. This is a market dominated by the Italians and prompted our decision to buy the small Italian concern to fill a gap in our product range," says

In Spain, he adds, the company also has two small floor covering manufacturing plants. We invested in Spain because until recently Spain was a protected market. Now that Spain is a member of the EC these barriers are falling," he adds.

Compared with its consumer products businesses, Sommer Allibert is now adopting a far more aggressive foreign manufacturing strategy in its industrial product operations for the car sector. This follows the growing "Europeanisation" of the car components industry growing "Europeanisation" of the car components industry with major car producers in-creasingly looking for a limited number of strong components suppliers.



Bernard Deconincic: "British taste is completely different from French"

This is a big change from the past when car groups relied on not get involved but we mainal large constellation of small tain a dialogue and control components manufacturers. They are now looking for a rebudget and investments," exstricted number of more powerful suppliers which are able to invest heavily in r and d and lo-calise themselves near their plants," explains Cognet.

At the same time, car producers are becoming more Europe-an in their subcontracting poli-cles, offering companies like Sommer Allibert opportunities make garden furniture closer to the large retail outlets in order to reduce transport costs and enhance the competitiveness of to work with some other than those based in France. Thus, the company has decided to in-vest in manufacturing facilities in Spain, where it has already spent about FFr100m in new investments, and in West Germany, where it expects to invest between FFr200m-FFr300m. But a constant theme of Sommer Allibert's European and in-ternational development policy is its emphasis on decentralised

> Decentralisation and adapting management structures to a global approach is the golden rule of this house," says Decon-inck. "Our group was formed by a series of mergers and acquisitions of small and medium sized companies. The company today is in fact a federation of about 60 small and medium sized enterprises. And the components which make up our group are highly decentralised and autonomous," adds Cognet.

This has been particularly true of the group's foreign sub-sidiaries. These offshoots are run by local managers who are responsible for handling all lo-cal issues from industrial relations, wage claims, legal and ac-counting problems, marketing

tain a dialogue and control these subsidiaries through their plains Cognet.

The company has, wherever possible, sought to be identified as a local company in all its foras a local company in all its for-eign operations. In Germany, for example, Allibert sounds like a good German company," remarks Cognet. But it is in-creasingly developing greater mobility between its French and foreign managers and is now considering establishing a now considering establishing a special budget for language

training
The problem comes not so much from the younger generation of cadres but from the old-er ones with little foreign lan-guage experience and difficulty in learning a new language. "As we develop into an increasingly multinational group it will become increasingly important to develop a greater interplay be-tween French and foreign managers," Deconinck suggests.

He does not believe that the nified European market of 1992 will bring about great change for Sommer Allibert. The market for our products is already subject to intense inter-national competition and we are not protected by specific standards in our field, explains Deconinck.

In any event, the group is al-ready engaged in a major drive to expand in the US market as well as in the Far East. For us at least, Spanish entry into the EC is as important if not more important than the unified market of 1992." Deconinck remarks.

The first article in this series was published on October 14.

A prototype for lighting up Europe

Clay Harris on Emess's market strategy

tailored to win the maximum benefits of cross-border co-opera-tion while limiting financial commitment and exposure.

Emess chairman Michael Mey-er sees the Brillant deal as the er sees the Brillant deal as the prototype for future ventures into other European countries. He plans to establish a confederation of small to medium-sized lighting companies, each seeking the advantages of scale in design, manufacturing and distribution while retaining its independence and identity. pendence and identity.

The links, Meyer argues, should give all parties access to an enhanced product range to take into other export markets, especially the US, where sales of lighting fixtures were estimated at \$2.7bn last year compared with \$700m in the UK.

Rather than mounting a full takeover or buying majority con-trol of any company. Emess wants to take substantial minoriwants to take substantial minority stakes and hopes its partners will reciprocate by holding Emess shares. This reflects more than just a desire to limit costs (although the Brillant stake cost less than \$4m in shares, a small proportion of Emess's market capitalisation of \$120m).

"We want to be represented in major European markets with lo-cal companies," says Meyer. Part-ners must continue to be man-aged by local nationals and perceived as local businesses, be-cause Emess is convinced that the European market is best the European market is best tackled country by country with a diversity of brands.
But even if they continue to

give the customer the appearance of choice, few lighting manufacturers can now afford really to go it alone. New product ranges, for example, can take up to five years to repay the initial tooling costs. "We needed larger markets to accelerate our pay-

WHEN EMESS, one of Britain's fastest growing manufacturers of. In the continent, fastest growing manufacturers of lighting fixtures and electrical accessories, had a bright idea about how to expand into continental Europe, it did not suddenly ping into the ether like a carty ping into the ether l

Germany.
Each side would also be able to plug its new partner's products into existing distribution networks and benefit from joint sourcing in the Far East.
Emess charted its course across the Channel after failing to win

the Channel after failing to win Rotaflex, a British lighting group with considerable continental interests, in a bitterly contested bid last summer.

By the end of 1986, Emess had identified several West German companies as possible partners and approached several. It decided in April that Bremen-based Brillant was the right one and become five months of proteins. began five months of negotia-tions with the controlling Lip-pold family.

Brillant's share listing - since flotation in 1985 - was an attrac-tion, as it allowed a relatively

tion, as it allowed a relatively easy exit if Emess ever wanted to sell its stake.

The Lippolds welcomed the approach but were unwilling to sell more than a 20 per cent stake.

"We asked them if we could buy the sell in the probability of the sell in the se shares (in the market)," Meyer recalls.

"They said they had no objection, but doubted if we would be very successful," because only 27 per cent of shares were outside the family's control. Emess nevertheless picked up another 4.5 per cent through Schroder Muenchmeyer Hengst, Lloyds Bank's West German subsidiary.

Bank's West German subsidiary.

Emess, which this month dropped "Lighting" from its name to emphasise that it was not neglecting electrical accessories, took advantage of the publicity attracted by the Brillant deal to mount a token private placing of shares in West Germany.

Meyer found overwhelming de-mand. Only seven institutions were allocated any of the 497,000 on offer. "It was a gesture to get them interested in our business, he admits. But he wants to repeat the pattern.
As we take interests in other

markets to accelerate our payback plan," Meyer says.
Emess was also looking for inspiration in design, Meyer frankly admits. With the UK market
still unadventurous compared

APPOINTMENTS

New chairman for **Horizon Travel**

Bass succeeds him as chairman of HORIZON TRAVEL. Mr Richards is a member of the Bass executive committee, and is chairman of three other subsidiaries - Britvic Corona, Augustus Barnet, and Bass and Tennant Sales. Also joining Horizon Travel board as a non-executive director is Mr Peter Scurleck, Bass director of business development, and managing director who are retiring. Bass succeeds him as chairman Bass director of business development, and managing director of Standard Commercial Property Securities. Promoted to the main board are Mr David Cockerton, managing director, Horizon Holidays, and Mr Beb O'Donnell, managing director. Orion Airways. Mr Michael Haighe-Webster, a non-executive director, has resigned.

SYSTEMS DESIGNERS (SD) SOFTWARE TECHNOLOGY CENTRE has appointed as di-rectors Mr Beger Gilbert, manager ADA division, and Mr El-wyn Wareham, marketing manager. Mr Gilbert becomes director of ADA Development and Mr Wareham director of technology marketing

SHEARSON LEHMAN ANCIENT HOUSE PRESS has BROTHERS INTERNATIONAL promoted Mr Philip McKentey has appointed Mr Andrew Pla-ker, an executive director, as syndicate manager. He was pre-viously executive director in charge of FRN trading and money markets. Mr Peter O'Kane, ex-ecutive director of SHEARSON LEHMAN BROTHERS, has been placed in overall charge of the company's Scandinavian investment banking coverage.

Mr Brian Thompson has been appointed an operational general manager of the RENOLD GROUP. He was previously group finance director, and will remain on the main board. His successor is Mr John Allan who was formerly finance director

APPOINTMENTS **ADVERTISING** £43 per single column

centimetre Premium positions will be charged £52 per single column

> centimetre 01-248 4782 Daniel Berry Est 3458 Toesa Taylor Est 3351

Following Mr Bruce Tanner's of Mardon Packaging Interna-retirement, Mr Ken Richards of tional.

who are retiring.

Sir Robin Napier has been appointed a non-executive direc-tor of DANE & COMPANY. He is UK representative of Roths-child Bank of Switzerland.

Lord Eden of Winten, former Government Minister, has been appointed chairman of GAM-LESTADEN, the UK-based subsidiary of the Swedish finance house, Forvaltnings AB Gamles-

STORAGE TECHNOLOGY has appointed Mr Alan Swain as sales and marketing director. He was previously employed by Harris Systems.

promoted Mr Philip McKentey to works director. UNION BANK OF SWITZER-

LAND (SECURITIES) has appointed Mr Kit Warner III as director of sales responsible for the control and development of all fixed income sales activities. all fixed income sales activities.

He was previously director and head of international fixed income with Kleinwort Benson.

Mr Michael Lehmann has become director in charge of equities. Mr Lehmann was vice president-investment banking services at Goldman Sachs Inservices at Goldman Sacias in-ternational in London. Mr Gesf-frey Weodward has been ap-pointed an associate director responsible for Canadian dollar trading. Mr Woodward joins from Chemical Bank Interna-

LONDON AND MANCHESTER GROUP has appointed Mr S. McClean as a director. He is responsible for the group's Stock Exchange and property divi-sions.

Mr David Ranan has been anpointed managing director of AUTHORITY & CO., banking subsidiary of Authority Investments. He was manager of the London West End branch of Bank Hapoalim Mr Michael Weodford has been appointed a director of Authority & Co, with special responsibility for the lending business. He was marketing manager at Greyhound Guaranty.

Exhibitions



V/O "EXPOCENTR" CII USSR

invites you to the international exhibition

"ADVERTISING' 88"

Advertising aids and equipment for their production USSR, Moscow, February 3 — 10, 1988

Main features of the exhibition: —advertising alds—materials and equipment for making printed, film, photo, TV, radio, illuminated, audio-visual and transport advertising and advertising media of all types and for cast products and metalworking-display window and exhibition requisites—computer graphics and information systems, etc.— We offer:

Exhibition space, stands, advice on exhibits, service, advertising. We provide all possible support. Inquiries and bookings to: USSR, 107113, Moscow Telex: 411185 EXPO SU Telephone: 268 58 74 Sokolnichesky val, la V/O "Expocentr" CCI USSR

Advance information from: CM-CI Consulting Magazin Verlag und Industrievertretunk GmbH Stenzelring 33, 2102 Hamburg 93, F.R.G., Telex:

A special edition Consulting Magazin Reklama in Russian is being published for the exhibition. Call CM-CI: FRG-40-75201205

Contracts & Tenders

THE FOREIGN AND **COMMONWEALTH OFFICE**

wishes to appoint a travel services supplier by a process of open tender. Those companies wishing to be considered for inclusion on the tender list must demonstrate their existing competence to provide these services by meeting the pre-qualification requirements. services by meeting the pre-qualification requirements.

A travel agent not able to provide annual ticket sales in excess of £20m is unlikely to be appointed. Potential applicants are invited to apply in writing for details by 30

Miss J. M. Taylor Foreign and Commonweak 2 Matthew Parker Street, LONDON SW1 916.

INDUSTRIAL PROPERTY The Financial Times is proposing to publish this Survey on FRIDAY, NOVEMBER 20 1987 (Amended Date) For full details contact: JONATHAN WALLIS on 01-236 2825

or your usual FT representative FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Company Notices

KONICA CORPORATION

(Previously moves as house services of the Company;

Bodies of European Depositary Receipts evidencing stares of the Company;

Bondholders of the Company's U.S.550,000,000 4 per cent.

Convertible Bonds 1998;

NOTICE OF EARLY REDEMPTION
MITSUI FINANCE ASIA LIGHTED
US\$59,000,000 13-2% Guntanteed
Notes 1989
NOTICE IS HEREBY GIVEN to the
holders of the Notes (the "Noteholders")
that, in accordance with Condition 5 of the
Terms and Conditions endorsed on the
Notes the Company will on the 1st
December, 1987, (the "Redemption
Date") redeem all of the Notes then
outstanding at 1012-2% of their principal
amount together with interest accrued to
such date (being an aggregate of
U\$\$5,565 for each Note of U\$\$5,000.
Payments of principal, prendum and
accrued interest will be made on and after
the Redemption Date in the manner
provided in the Conditions, against
surrender of Notes and Coupons No. 5 due
on 1st December, 1987, and all
subsequent Coupons appertaining thereto
at the specified office of any of the
appointed Paying Agents. Fallure to
surrender any such subsequent Coupon(s)
will result in the amount of such
Coupon(s) being deducted from the sum
due for payment on the Redemption Date.

Hambros Bank Limited
Fiscal and Principal Paying Agent

ST PAUL TRAVEL Sumber Date in the City Perth SSS L Assets S11, Then State S12, Then State S12, Then State S14, Then S14

CLASSIFIED ADVERTISEMENT RATES

gg per Single Column on extra (Min 30 or All prices exclude VAT For further details write to: Classified Advertisement Manager FINANCIAL TIMES, 10 CANNON STREET,

s of the Company's U.S.\$50,000,000 4 per cest. Consertible Bonds 1999

NOTICE IS HEREBY GIVEN as follows KONICA CORPORATION KONICA Kabeshiki Kaisha

is to

S King William Street,
Lenion EC48 7AX.

TOSHIBA CERANICS CO., LYD.

By: Mitsel Florance Trust
International Limited
as Principal Paying Agen. **Property**

Holiday and Travel

Single column cm (min. 3 cms) Per line (min. 3 lines) 12⁵50 43.00 12.00 6.00 9.50 41.00 25.00 32.00 13.00 44.00 12.00 9.50 9.50 12.00 Personal Motor Cars, Travel Contracts, Tenders Book Page Panel

Notice to all Bondbolders of TOSHIBA CERAMICS CO., LTB. U.S.550,000,000 3 PER CENT. CONVERTIBLE BONDS 2000 NOTICE IS HEREBY GIVEN that affective 5th October, 1987 Deivts Europe Limited, acting as Paying Agent for the above Esse, lass changed its address to

Overseas

Switzerland near Villars Ski-tennis-golf-sun 1½ hr from Geneva airport FOR SALE utiful 2 bedroomed apartment ing with large terrace offering

SFr 235,000 For details please contact: GERANCE-SERVICE S.A. Case postale 90 1884 VILLARS-CH Tel: 01041,25,35,17,35

GENEVA . . . in France BUVEST IN THE
SOLDER RECTANGLE
GENERAL STORING REGION
FINANCE
STUDIOS AND APARTMENTS
FOR SALE
SALE OF SERVICE FOR SALE
In residential project of Sales quelly with a salumoing sool. Close to General's conice, international organisations and abroom. REVAC REAL ESTATE SA

BREGUET NO. 1 Perpetical Caland 950 Pintiana Automatic verter-extents with stay, data, month, icon-year and more-planes. Adopted new Aug. 1987, Whatch bear the 1 on case. Associate size to boundable cach requirement to draw informatic startfull on this, transplanes Write Dax H.2730, Financial Tienes 30, Change Street, London EDAP 4817

PROLIC SPEAKING training and speech writing by award winning public speaker. First lesson free. 01-839 6552.

16 DECEMBER 1987

The Financial Times proposes to publish a major survey on China on Wednesday. 16 December 1987.

Topics to be covered in the survey include:

POLITICS FOREIGN RELATIONS ECONOMY BANKING & FINANCE TRADE & INVESTMENT FOREIGN INVESTMENT **JOINT VENTURES** INDUSTRY COAL OIL NUCLEAR INDUSTRY **ELECTRIC POWER** IRON & STEEL **AGRICULTURE** THE PROVINCES **ARTS & SOCIETY** TOURISM

> For more details about advertising in this survey and a copy of the editorial synopsis,

> > **②** 01-248 8000

and ask for Simon Timmis ext: 3276 Telex: 885033 FINTIM G Fax: 01 248 4601

FINANCIAL TIMES

Europe's Business Newspaper ..

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the grant of ission to deal in the whole of the issued share capital of Tubular Exhibition Group PLC in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

TUBULAR EXHIBITION **GROUP PLC**

Placing by Jacobson Townsley & Co

20,000,000 Ordinary Shares of 5p each

20p per share

SHARE CAPITAL

Authorised 3,025,000

Ordinary Shares of 5p each

Issued and to be issued fully paid 2,282,017

The principal activity of Tubular Exhibition Group PLC and its subsidiaries is the hiring and sale of barriers, and the building and hiring of structural steelwork for exhibition and other

Jacobson Townsley & Co has placed 15,000,000 shares with its clients and 5,000,000 shares with Partish Stockbrokers for distribution to its clients.

Particulars relating to Tubular Exhibition Group PLC are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 5th November, 1987, from:

JACOBSON TOWNSLEY & CO Members of The Stock Exchange

The Quadrant, 4 Clifton Street, London EC2A 4BT

County NatWest Limited, S. Jenkins & Son Limited, Smith New Court PLC and Warburg Securities have indicated that they intend to register as market makers in the Ordinary Shares of Tubular Exhibition Group PLC.

21st October, 1987

Shares volatility upstages increase in bank lending

traordinarily volatile day on Wall Street.

According to figures released by the Bank of England, bank lending rose by a seasonally adjusted £44bn (37.39bn) last month, well above market forecasts of a rise of perhaps £3bn. In more normal circumstances, such a rise in lending could have been expected to revive concern about excess liquidity in the economy and a possible boost to inflation.

UK government bonds fell about 4 point in an immediate reaction to the news. However,

reaction to the news. However, that brief movement was dwarfed by very large swings in gilt prices throughout yester-day's session.

Prices had started two points higher, then fell two points (including the half point after the release of September's money

Labour review

likely to back

strike ballots

THE LABOUR Party's review of trade union legislation is al-most certain to reform party policy to include measures to

ensure that unions hold pre-strike ballots, probably by giv-ing a special industrial court the power to enforce fines. Mr Michael Meacher, La-

bour's employment spokesman, said the party was likely to sup-port a change in the law to pre-vent union funds from being

seized, but it was likely to en-dorse a system of fines which could be imposed by a special

The committee will consider

The committee will consider widening the definition of a trades dispute; eliminating the use of court injunctions in trade disputes; strengthening the employment rights of part-time and temporary workers; extending industrial democracy; and strengthening workers' rights in the rovers, including the non-

takeovers, including the pos-siblity of giving workers the right to block a takeover through a ballot.

Mr Meacher said the trade

unions would be full represent

ed on the review committees

By Charles Leadbeater

month compares with an increase of £2bn in August and an
average monthly rise over the
last six months of £2.9bn.
The Bank of England has for
atthough the Treasury yester-

some time been concerned day pointed out that perhaps about the buoyant trend in bank £0.5bn was due to the financing lending and highlighted this aslending and highlighted this aspect of monetary conditions when justifying the decision to raise base lending rates by a percentage point on August 6.

At the time that decision was rise the previous month, taking taken, the authorities would its year-on-year growth rate to have had some idea of the scale of lending during July which per cent in August. The Government out to be a record £4.9bn, ment is operating a 2 per cent to not very much higher than the 6 per cent target range. of lending during July which turned out to be a record £4.9bn, not very much higher than the

NEWS yesterday of a very substantial rise in bank lending in ly rose about four points during September had little impact on UK financial markets which were entirely focused on international events and another extraordinarily volatile day on Wall Street.

According to figures released supply figures) and subsequent tions.

There appears to be very little chance of a further rise in base rates in response to domestic monetary conditions, partly because sterling is bumping up against its official ceiling and, at least in the short term, because of the crisis on the compares with an in-

ats to the bank lending figure although the Treasury yester-

Increase last month.

However, the official attitude appears to be that yesterday's figure does not alter the authorities' view of monetary condi-

Kuwait sells Hays to senior managers

BY CHARLES BATCHELOR

MORE THAN 100 senior managers of Hays Group, the transport, chemicals and services company, are staging a £255m (\$428.4m) management buy-out from Hays' present owner, the Knwait Investment Office (KIO). This is the second largest buyout to be staged in Britain and comes two weeks after the 2715m buy-out of the MFI furni-

ture group. The KIO, the secretive compa ny which manages Kuwait's bil-lions of pounds of overseas in-vestments, will retain a 25 per vestments, will retain a 25 per cent stake in Hays. It acquired Hays seven years ago to gain control of the valuable water-front site it owned on the Thames between London Bridge and Tower Bridge.

Hays made a pre-tax profit of 228.5m on turnover of £506m in the year ended June 1937. The company is based in Guildford, Surrey and employs 5,000 peo-

Its four main businesses are distribution and shipping; data storage and staff recruitment; chemical manufacturing and distribution; and equipment manufacture for the printing

and converting industries. The £255m purchase price comprises £100m worth of equity and a bank loan of £155m. Ten senior managers, led by Mr. Ronnie Frost, the chief executive, have acquired shares in the company while a further 94 senior staff have been granted options although Hays refused to say what supportes state the to say what aggregate stake the managers had bought

The managers expect to seek a public listing of the company within the next two to five years. Mr Frost said the man-agement team had been nego-tiating with the KIO for the past seven months and that, unlike many recent buy-outs, rival bids from trade purchasers had not

from trade purchasers had not been sought.

The deal was arranged by Electra Candover Partners, one of the largest management buyout specialists in the UK. The equity part of the buy-out will be financed by the 30 institutions belonging to the Electra Candover Plan. They include the Prudential Corporation and the GE Pension Trust, both of the US, and the Globe and Electra investment trusts in Britain.

Slump in BP price threatens success of £7.5bn issue

BY RICHARD TOMKINS

ing campaign for the £7.50n (\$12.60n) British Petroleum share offer as a further slump in the price of BP's existing shares increased the likelihood that the issue could prove unsuc-cessful.

The Treasury, however, re-peated its assurance that noth-ing would stop the issue going

BP's existing shares followed Monday's fall from 350p to 316p with a further tumble to 285p at

with a further tumble to 285p at yesterday's close. At that price, the existing stock costs 45p less than the 330p at which the new shares are being offered.

The dropping of the advertising campaign appears to reflect government concern that small investors should not be encouraged to subscribe for shares which could go to a sharp discount at the start of dealings if present market conditions persist.

sist. Institutional investors were institutional investors were previously prepared to pay more for the new shares than the existing ones because the partly-paid status of the stock offered interest savings on the unpaid instalments and a relatively high yield.

However, they seem unlikely to pay a premium as high as 45p. If yesterday's price persists, a

if yesterday's price persists, a sizeable proportion of the £7.5bn issue could therefore end up with the sub-underwrit-

ers.
The Treasury says if the issue were withdrawn now, it would defeat the point of the under-

The Government yesterday writing exercise. It would also dropped the television advertis- draw criticisms that the Governdraw criticisms that the Govern-ment had acted to protect its

City of London friends by pro-tecting them from fulfilling their underwriting obligations. One merchant bank which de-clined to take part in the EP underwriting has fiercely attacked the unprecedentedly low commission rate of 0.018 per cent agreed betweeen the underwriters and N.M. Rothschild, the

Government's merchant bank adviser on the issue. Sir John Nott, chairman of Lazard Brothers and a former Conservative cabinet minister, said it was financially imprudent to expect institutions to be at risk for a minimum of £100m worth

of stock for a fee of £18,000.

Driving down the commission rates like this may bring glee to the Treasury but it does not en-

the Treasury but it does not en-courage prudent financial transactions, he said.

"The Treasury is being over-clever by getting the rates down it is forgetting its wider responsibility for the general prudence of financial dealings in the City of London."

Mr Michael Richardson, man

aging director of corporate fi-nance at N.M. Rothschild, said the Treasury had not been in-volved with the fixing of the

commission rate.
The rate of 0.018 per cent was the rate of 0.018 per cent was the average level at which alt the participating institutions bid in a competitive tender, so it was the underwriters thme-selves who fixed the figure," he

said. New issues delayed, Page 33

British Coal threatens to withhold NUM pay rise

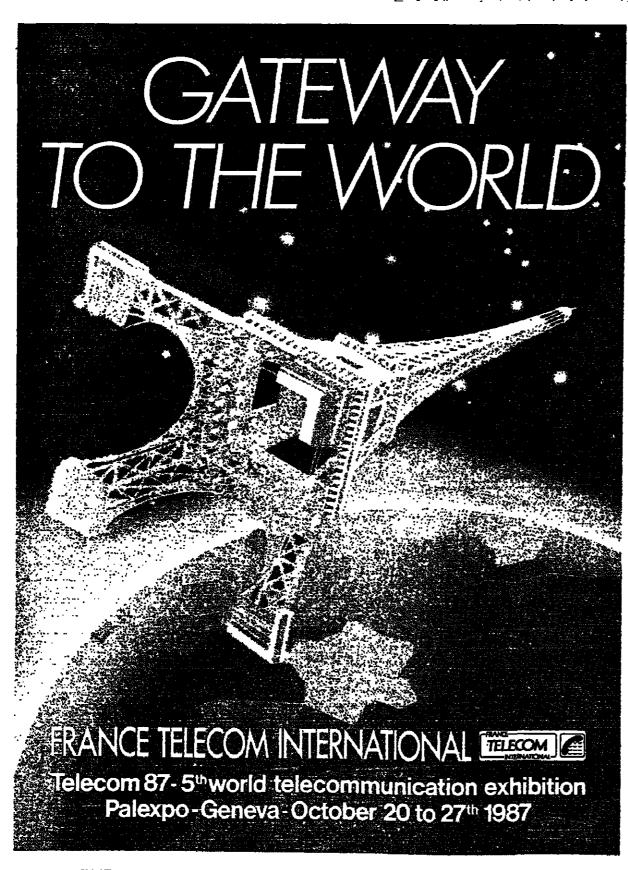
BY CHARLES LEADBEATER, LABOUR STAFF

Under the two-year pay deal agreed last year with the rival Union of Democratic Mineworkers, which was imposed on the NUM, the corporation is due to award a basic pay rise for 1987 linked to the rate of inflation.

BRITISH COAL is considering witholding all or part of this year's wage award to the National Union of Mineworkers should the union continue its should the union continue its miners at pits where the UDM is ban on overtime coal produc-

tion.
Senior corporation executives said that witholding part of the 1987 pay rise, due in November, was under considerment's refusal to agree that independent arbitration should dependent arbitration should form the final court of appeal in its revised disciplinary code in-troduced in March.

Under the code, a claim for unfair dismissal would be taken to an industrial tribunal.



QUALITY IS HIGH **AS YOU KNOW**

PRICES ARE LOW DID YOU KNOW?

NOW YOU KNOW

FRANCE TELECOM INTERNATIONAL





MSC to lose top official and change its name

THE MANPOWER Services which is expected to be an Commission is to be renamed nounced on Friday, and under the Training Commission and is next week's re-division of func-to lose Mr Geoffrey Holland, its tions its activities will be con-

responsibility on Monday of JobCentres from the MSC to the Employment Department.

He also announced that Mr
Holland, who has been with the
MSC since its formation in 1973
and has been its director since

Mr Holland is to replace Sir Mr Holland is to replace Sir Michael Quinlan, who is to be-come permanent secretary at the Defence Ministry. Mr Roger Dawe, the Employment Depart-ment's deputy secretary with re-sponsibility for manpower poli-cy, is to be the MSC's director-general.

Mr Dawe was chief executive of the MSC training division from 1982 to 1984 when he was closely involved with the intro-duction of the Youth Training Schome

٠,

top official, who has been close-ly identified with strategy in re-cent years.

Centrated on training and re-training.

Mr Fowler said yesterday that

Mr Norman Fowler, Employment Secretary, amounced the msc name was vague and
ment Secretary, amounced the formal and had fostered little
name change, which is to be
made because of the transfer of
Sir Bryan Nicholson, MSC Sir Bryan Nicholson, MSC chairman, is due to leave next month to become Post Office chairman.

Mr Fowler said that Sir James Munn, who chairs the Manpowand has been its director since 1981, was to move to the department as permanent secretary.

Mr Holland is to a superscript of the Manpower Services Committee for Scotland, would take over as part-time MSC chairman for six months while the search for the MSC chairman for six months while the MS

Mr Fowler pledged continued government support for the basic concept of the Job Training Scheme for unemployed adults, while admitting the scheme had been slow to get off the ground. There has been speculation that the Job Training Scheme will be subsumed or bypassed in a pending shake-up of adult training schemes.

Only about 20,000 people are

closely involved with the intro-duction of the Youth Training Scheme.

The MSC will become the Training Commission on pas-sage of the Employment Bill,

Electricity industry 'must be split up for sell-off'

THE OPPORTUNITY for introd-ucing genuine competition into Generating Board pending furueing genuine competition into the electricity industry will be lost for this century if the Gov-ernment sells it as a whole, it is private structure, term

ernment sells it as a whole, it is claimed today.

The warning appears in a Centre for Policy Studies pamphlet purporting to explain a method of initiating the industry's outright privatisation during the present parliament.

Its authors, Professor Colin Robinson of Surrey University and Mr Allen Sykes, a Consolidated Gold Fields managing director, claimed last night that, unlike other privatisation formulae, their favoured proposal could go ahead in spite of the collapse of equity prices.

Their main concern, set out in

Their main concern, set out in their pamphlet, Current Choices, is that the Government

They recommend an initial private structure, termed privatised transition to competition, which would lead within a reasonable time' to competitive generation of electricity.

According to the document, that is "the only competitive privatisation scheme so far identified which meets the Government's criterion of being attainable in its present term of office, without risk of either serious disruption or eventual consumer dissatisfaction."

Current Choices: Good Ways and Bad Ways to Privatise Elec-tricity. Centre for Policy Studies, 8 Wilfred St., London SWIE 6PL

compete for **Channel** train design

NINE design companies, three each from the UK, France and Belgium, have been invited to produce outline designs for the 186mph city-to-city trains which will use the Channel tunnel, ex-pected to enter service in 1993. The invitation was announced esterday by British Rail, SNCF of France, and SNCB of Bel-gium, the three railway authori-ties which will jointly finance and operate the passenger

The design companies are being encouraged to form a consortium along the lines of the three-nation grouping of rolling-stock manufacturers

bidding for the contract to build the trains. They will be briefed by rail-way executives in Paris next week and are expected to pro-duce initial designs by early De-cember, when a shortlist will be drawn up. The winner will be announced in January.

None of the railway compa-nies has asked in-house designers to bid for the work.

The three governments involved are thought to be been to avoid the complaints of favouritism which would be inevitable.

if the design work went to one of the railway authorities. The companies involved are specialist designers of rolling stock. They are: DCA Design In-ternational, Pentagram Design, and Jones Gerrard of the UK; Design Programm, Bagnolet Cedex, and Plan Creatif of France; and IDPO, SPRL and

France; and IDPO, SPRL and IDEA of Belgium.
The trains will be built to the UK loading gauge, about 15 inches narrower than the standard continental gauge, to allow them to run on BR tracks from the most of the tracks from the mouth of the tunnel to Lor

About 40 trains are expected to be ordered at a cost of some £10m each. Each will be have 17 coaches and be capable of car rying up to 770 passengers.
Initially, the trains will run
from a number of UK cities to
Paris and Brussels.

Wessex favours water sale

WESSEX WATER has come out in favour of the Government's plans for privatising the industry, but with reservations.

The stance, disclosed yesterday in the board's response to the proposals, provides further evidence that ministers are in a more comfortable position as

Sacked Hill Samuel pair join US bank

DREXEL BURNHAM Lambert, the New York investment bank dominant in advising on US mergers and acquisitions, yesterday said it was creating a European corporate finance operation in London led by Mr Trevor Swete and Mr Christopher Roshier.

The two men, respectively former head and deputy head of the corporate finance department from scratch. They had received offers from 42 firms, many of them US hanks, before accepting Drexel's offer. Mr Swete said Drexel aimed the services group, and BET, the industrial group, last night said before accepting Drexel's offer. Mr Norman Tebbit, Tory Party chairman, had accepted non-exceptions.

DREXEL BURNHAM Lambert, ing negotiations on the sale of increased, in particular those the New York investment bank their department to Barclays de involving US and UK compa

Ferguson Industrial Holdings PLC

INTERIM STATEMENT 1987

■ Sales up 42%

*Unaudited

- Trading Profit up 52%
- Profit before tax up 26%
- We continue to be excited about our plans for creating and developing a specialised group of companies concentrating on the 4Ps.

Denis Vernon, Chairman

	6 months	6 months	, Year
	ended	ended	ended
	31.8.87*	31.8.86*	28.2.87
	€000	£000 :	£000
Sales	64,246	45,284	89,957
Trading Profit	5,936	3,902	8, 79 4
Profit before tax	5,055	4,008	- 9,491
	•		

For a copy of the interim statement and corporate brochure please contact Dept FT, Ferguson Industrial Holdings PLC, Appleby Castle, Cumbria CA166XH

PRINTING, PACKAGING, PLASTICS & PUBLISHING

Nine groups | London Country bus operations to be sold

Nato frigate agreement

delayed by split in MoD

which is being privatised by the sury.

Government, has agreed to sell its four London Country subsidiaries have been sold and

The sale is expected to be announced next week after formal approval from Mr David Mitchell, Transport Minister.

Analysts said the price appeared to justify the decision taken by Mr Rodney Lund, NBC

Mr Lund declined to come the progress of sales by publication of NBC's annuation of NBC's

chairman, to split up London The company is believed to be Country to maximise competiconfident of disposing of all 72

common for six European countries, along with the US and Canada.

is four London Country substru-iaries for a price thought to be about £25m.

The sale is expected to be an-nounced next week after formal nounced next week after formal long-distance route franchise. sidiaries have been sold and Mr Lund declined to comment

on the progress of sales before publication of NBC's annual re-

year, however - 12 months ahead of the schedule laid down in the 1985 Transport Act, which paved the way for privatisation.

The total value of the company is expected to exceed £200m, nearly double City estimates at the heginning of the process.

The property interests of the

the beginning of the process.

The North West subsidiary is believed to have been sold to its own management for about a subsidiary of Endless Holdings for around £3m.

BT seeks lifting of curbs on dealings with Mitel

THE GOVERNMENT has delayed signing an agreement on the definition stage of an eightnation Nato frigate project because of continuing divisions in the Ministry of Defence over the project's merits.

It was also reported that France might similarly abstain from signing the project definition accord for the NFR-90 programme at a Nato armaments directors' meeting.

The programme is designed to develop and build 50 frigates in common for six European countries, along with the US and Canada.

BRITISH TELECOM has asked the Government to lift the restrictions placed on its dealings with Mittel, the Canadian telecommunications equipment manufacturer in which it has a 51 per cent stake.

Agreement by the Government could pave the way for greater sales of private exchanges in the UK by Mittel.

BT's request has been prompted by the agreement announced earlier this month by General Electric Company and Plessey, the UK's largest telecommunications equipment manufacturers, to merge their telecommunications interests.

BT has welcomed the agreement.

Restrictions were placed on BT's relations with Mittel after a Monopolies and Mergers Com-

Canada.

The UK's main concern is that ithe frigate hull cannot be properly defined until further work is done on the air-defence weapons system.

The UK remains part of two more on full development of the vessels later.

Others say that only by being part of the study can the UK keep the size of the frigate and thus the weapons systems from growing too large and unaffordable.

Japanese to build £8m silicon plant in Lothian

Correspondent

A JAPANESE company is em-barking on an expansion pro-gramme at Livingston, west Lothian, which it expects will

the next few years SEH Europe, a subsidiary of Shin-Etsu Handotai, one of the largest makers of high purity silicon, is to start work next month on the first phase of a permanent production plant costing £8m.

It will produce silicon wafers for specialist applications and will later make wafers for the high-volume integrated circuit

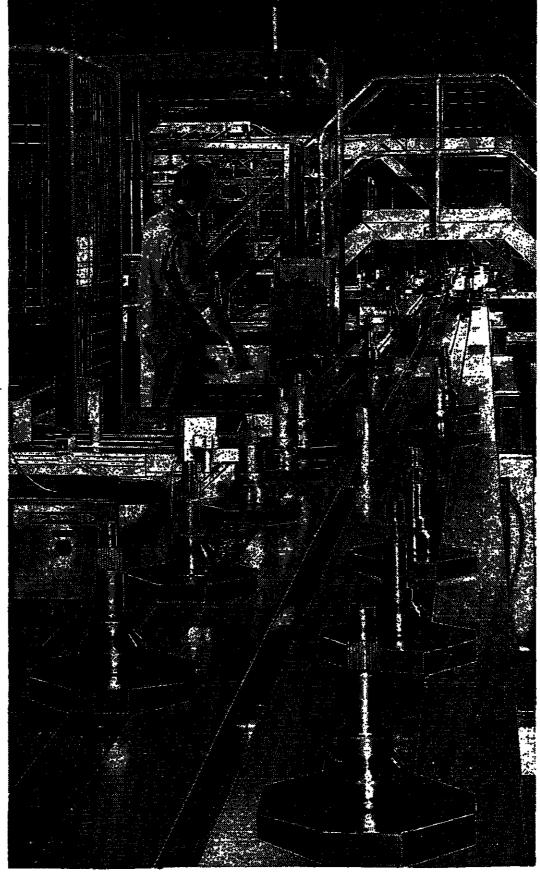
The expansion of SEH Europe is a boost for Scotland's elec-tronics industry. It means Scotland will be heavily represent-ed in the full cycle of manufacturing from silicon wa-fers to finished products.

SEH Europe has been making silicon since 1985 at a tempo-rary 18,000 sq ft plant at Livings-ton which employs 72.

The company said the expansion would not at first give rise to a significant increase in jobs but employment could build up to several hundred if further phases went ahead. The plant is being built on a 9 acre site which the company owns.

SIEMENS

We're helping Hardy Spicer achieve world beating performance right down the line



Hardy Spicer Ltd. are boosting productivity and quality in the manufacture of constant velocity joints, by introducing innovative new technology, with the help of Siemens production control equipment on their automated lines.

Programmable conveyors carry parts through progressive machine operations, using loop conveyors, gantries and pick-

and-place robots. Siemens have supplied the controls and drives for the handling devices and machines, and operate 24 hour site-based service and maintenance.

Siemens is one of the world's largest and most innovative electrical and electronics companies, with a clear commitment to providing a consistently high standard of service to our customers particularly in

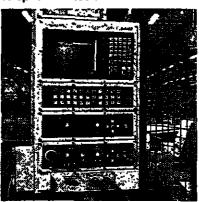
Medical Engineering

 Factory Automation Communication and Information

 Electronic Components Telecommunication Networks

in the UK alone we employ around 3000 people in five manufacturing plants, research and development, engineering, service and other customer related

Siemens Limited, Siemens House Eaton Bank, Congleton Cheshire, CW12 1PH Telephone: 0260 278311



SINUMERIK*: Metal cutting machine and gantry control.

Innovation Technology Quality **Siemens**

Boeing 'has placed Awacs deal orders worth £72m²

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

BOEING HAD placed contracts the considerable UK govern-worth \$120m (£72m) with UK in-dustry since December when it lic interest in Boeing's offset won the £260m order to supply programme. He said he was the UK with six Airborne Warn- sure Boeing would live up to ing and Control radar aircraft "these expectations."
(Awacs), Mr Mark Miller, com-

Boeing pledged to provide off-

(Awacs), Mr Mark Miller, company president, said yesterday.

He was opening Boeing's off-set programme office in Brentford, London.

set work over eight years worth up to 130 per cent of the Awacs cism of the offset commitment contract value, the highest off- and said the US also required set offer ever made, it is beoffset through a variety of Buylieved. The offer clinched the
deal in favour of Awacs against
the UK-developed Nimrod.

He said UK companies would
win orders from Boeing or its Lord Trefgarne, Minister for US sub-contractors only if they Defence Procurement, yester-day warned of what he called than competitors.

The Royal Air Force would like eight Awacs aircraft, to fulfil early-warning duties to the UK and Nato. Boeing has given the Ministry of Defence until the end of this month to order the extra two at the same unit-

ne was opening socials of the same unitset programme office in Brentford, Loudon.

The ministry, pushed hard
this year for cash and in the
middle of its annual costings exercise, has promised Boeing an answer in the next 10 days.

Mr Tom Manning, who will run Boeing's UK office, said an extra two Awacs with spares for all eight would push the company's offset commitment in the UK to between \$1.5bn and

Air UK extends cheap fares

AIR UK, the independent airline which is part of the British
& Commonwealth Holdings
Li introduced a £19 single Sky
Southampton and the Channel

Sulting in reductions of up to £50 on normal economy air fares and making many of its fares and many of its fares and making man & Commonwealth Holdings It introduced a £19 single Sky-group is extending to the rest of link fare on the Southampton-its domestic route network its Channel Islandss route last No-cheap Skylink "fill-up" fares vember, with a subsequent 39 cheap Skylink fill-up lares vember, with a subsequent 39 scheme which has been successful in generating traffic on Channel Islands routes this summer.

With a subsequent 39 per cent growth in traffic. Last cessful in generating traffic on the Leeds/Bradford to Belfast route producing a 26 per

points as Aberdeen, Belfast, is introducing single Skylink Humberside to Amsterdam Edinburgh, Humberside, Leeds' fares of £23 and £29, depending route. This compares with the Bradford, Newcastle, Teesside, on the route, throughout the Hull to Rotterdam ferry rates Stansted, Norwich, Heathrow, rest of its domestic system, re-ranging between £32 and £56.

fares cheaper than British Rail second-class rates.

The number of seats allocated to the Skylink fares on each flight will be limited, depending on the number of unsold seats on any given day. The airline flies extensive cent traffic increase.

Alr UK is also offering a Skyross-country routes from such

From October 25, the airline link fare of £39 single on its

Commons security checks to be tightened

SECURITY at the Palace of Westminster is to be tightened after the disclosure that a research assistant employed by a Labour MP had been convicted of the murder of an inspector in the Royal Ulster Constabu-

Mr Ronan Bennett, whose conviction was quashed on appeal, was employed by Mr Jeremy Corbyn, MP for Islington North, to work at the Commons. Two weeks ago Mr Bernard Weatherill, the Speaker, said that Mr Bennett would no lenger be permitted to enter the palace precincts.

Mr John Wakeham, Leader

of the Commons, has made clear to Mr Harry Greenway. Conservative MP for Ealing

Conservative MP for Ealing North, that people will no longer necessarily be allowed to work at the Commons on the anthority of MPs.

He told Mr Greenway: We must seek to ensure as far as humanly possible that no member of the staff engaged to work at Westminster has a record which could lead to their cord which could lead to their being a threat to security

Mr Wakeham emphasised that no new Palace of West-minster identity passes would be issued to staff of an MP until a security check had proved satisfactory.

Peter Riddell previews the parliamentary session which opens today

Westminster facing stormy autumn

The ceremonial Queen's ments to the plan.

Speech was delivered on June From the other e

the Diplock courts in Northern

The three central measures in the Government's legislative secrets, will also be announced programme - bills on rates reform, education and housing - are all due to published next month so will have their Commons second reading and be in their line by the composition of the departments in their line by the composition of the departments.

THE HOUSE of Commons returns this afternoon after its 13-poll tax. Not only are the oppoweek summer recess facing one sition parties strongly opposed of its busiest periods for many to the idea, but Tory back-years, including the second benchers Sir George Young and reading of a dozen bills before Mr Robin Squire have already proposed a number of amend-

From the other extremity, the 25 after the general election so Government is considering the Parliament will soon start con-However, some time will first be spent catching up with the events of the summer, notably the consequences and costs for sidering the meat of the Govern- vative Party conference for im-

the consequences and costs for ment is likely to face more prob-local authorities of last Friday's lems on this bill - as with the storms and the pressure for eareducation and housing mealy firearms legislation following sures - in the Lords next spring
the Hungerford and Bristol and summer than in the Comshootings. There will no doubt mons this winter.

Be a flurry of activity about the BP share sale in the wake of the stock market fall.

Before these bills appear the Commons will be busy with the second reading today of the pavstock market fall.

The Government will also face calls for statements both for the full-scale bills next year about South African sanctions on privatisation of the water following the Commonwealth and electricity industries. The heads of government meeting and British-Irish relations in ment's plans to reform trade view of the rows over extradition from the republic and over er this week.

Details of several controver-sial private members' bills, no-

their line-by-line committee stages before Christmas.

The main immediate attention is likely to be on the bill to replace domestic rates by a uni-

There are particular problems with two committees those concerned with defence and with Scotland. In the last two parliaments,

the Labour members of the defence committee have been from the party's ever-decreasing multilateralist wing - most recently Mr John Gilbert, Mr Dick Douglas and Mr Bruce George - and there has been no difficulties about access to private Defence Ministry briefings. However, Labour leaders

want to include one or two from the majority unilateralist group in the Labour Party, both to replace one of the present mem-bers and to fill the extra place which the party is claiming as a result of its increased represen-tation in the Commons after the June election. This is certain to provoke a row with the Tories, who are sure to argue that this might jeopardise committee work.

An angry confrontation is also certain over the Scottish select committee, symbolising La-bour's frustration in Scotland where it now holds 50 out of 72 parliamentary seats, with the Tories down from 21 to 10. Membership of the select commit-tees, however, is decided in relation to the composition of the Commons as a whole, rather than just the balance north of

the border.
There is the further complication that the Tories have only five Scottish backbenchers, which would leave them in a clear minority if the Scottish

ent strength of 13. The Government has a num-

ber of options. It could concede to the opposition a majority or recruit English members - both of which are likely to be unac-ceptable to the Government in view of the precedents created: Yet it is more likely to press-gang all five Scots Tories to sit on a smaller committee of

Divisions across the parties, rather than between them, are likely in the debate expected before Christmas on televising the Commons. This was narrowthe Commons. This was harrow-ly rejected two years ago and the balance may have shifted slightly given the smaller Tory majority, although Mrs Thatch-er has already made known her reservations on the issue.

reservations on the issue.
Aside from all these weighty
questions, the main interest of
MPs of all parties will be in
whether the events of the summer have in any way changed the balance and mood in the

House itself.

The SDP and the Liberals are obviously in no position to mount a strong challenge until they sort out their internal problems.

The Labour leadership is in

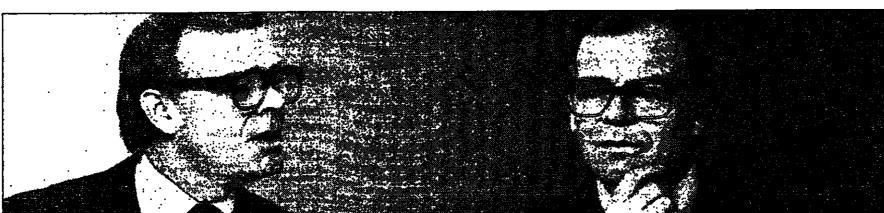
problems.

The Labour leadership is in better spirit than might be suggested by the party's election result but it is at the start of a wide-ranging policy review.

Nothing has happened so far to shake the Tories' self-confidence of the problems of the start of the shake the Tories' self-confidence of the problems of the start o

dence, or to undermine Mrs
Thatcher's dominance of both
the Commons and the UK politi-

to ask yourself etore you spend any more more on data



LINEX is a tradegraph of AT & T Bell Labor

Am I making a sound investment?

If I buy a computer system that meets

my immediate needs, what happens when those needs change? Will I have to rewrite my software to move to a larger processor?

. . Will the system I buy be able to communicate with any piece of hardware

from any manufacturer?

Can I expect the highest standards of

service and support?

The widest choice of products? An everincreasing choice, from a manufacturer I know will be around in the future to protect my investment?

If you think these are important questions, you'll find the Tower family of UNIX*based industry standard systems from

NCR provides all the right answers.

So why not get in touch with us on (01) 724 4050?



Get in touch.

Freight transport body plea on road building

THE FREIGHT Transport Association, which represents 13,500 companies, has called for a rad-ical change in the method used by the Government to assess the costs and benefits of building

new roads.

In a memorandum to the Chancellor, aimed primarily at influencing the next Budget, the association says the cost benefit analysis procedure used by the Transport Department effectively ignores the benefits of new roads to industry.

A pilot study carried out by the association indicates that

savings can be substantial: one company estimated that the completion of the M25 London orbital motorway would save it £2m over five years.

The association says inclusion of industrial benefits in the road planning process would substantially increase the projected rate of return, and should

It calls for urgent research in-to how this could be achieved to ensure that roads yielding the greatest net benefit to society

lead to greater government in-

are given top priority.

The association also urges the Government to move quickly to-Government to move quickly to-wards an increase in maximum lorry weights from 38 tonnes to 40 tonnes - the limit in all other EC countries except Ireland. It acknowledges that this would require around £70m to be spent on bridge strengthen-ing but says this one-off expen-diture would be more than off-

ing but says this one-off expenditure would be more than offset by savings of around £70m a
year to the industry.

The marginal cost of coping
with heavy lorries is, in any
case, minimal compared with
the existing requirement for
bridge strengthening, it says.

This is estimated at £700m for
level bridges nlus £100m for local bridges, plus £100m for bridges on trunk roads,

Alcohol use defended

sive governments' failure to cut violence and halt the increase in crime, Mr Ivan Straker of the Scotch Whisky Association said

yesterday. Mr Straker, chairman of the sociation's annual dinner at television. which Mrs Edwina Currie, junior health minister, was pres-

ALCOHOL SHOULD not be The Government has recently set up a ministerial group to study alcohol misuse.

Mr Straker said: The causes of violence and crime are com-plex and deep seated; declining standards of morality, lack of association's public affairs com-mittee, was speaking at the Na-tional Licensed Victuallers As-city deprivation and, of course,

Blaming it all on drink may be very temptingly easy but it will not provide a solution.





Banks to spend £13m on initial stages of Eftpos

THE 11 clearing banks are to spend more than £13m on initial stages of the national cashless shopping system, likely to be launched at the end of next

year.

If Brian Allison, managing director of EftPos UK, a company set up jointly by the clearers to implement the system, said contracts had been let to key suppliers in the US and UK for the system's essential elements. Cashless shopping - electronic funds transfer at the point of sale - will allow shopping with plastic cards instead of cash or cheques.

Mr Allison, speaking at a Fi-nancial Times conference on electronic financial services,

said:

BM was supplying the systems management computers and fault-tolerant machines Omaha, Nebraska, had contracted to supply special software to run the system in a deal worth several million dollars.

CAP, the UK software house, would test the software.

Plessey Crypto, the UK electronics company, would supply security sub-systems for the cashless-shopping network. Mr

across the system would be coded using an advanced, so-phisticated method called public-key encryption.

British Telecom was developing a network to account

ing a network to connect retail ing a network to connect retailers to its high-speed network,
and the EffPos processing cantre for the inaugural service
would be based at the Bankars
Automated Clearing Service
site in Edgware, London.

• Initial orders for 1,000 retailmaterials are the barrater terminals were to be met, half each, by Ericsson Informa-tion Systems UK and Omron

half each, by Ericsson Informa-tion Systems UK and Omron Terminals UK.

These announcements were the first EffPos has made for-mally since the clearing banks, after long negotiations, agreed a firm policy for a cashless-shopping system at the end of last war.

systems management computers and fault-tolerant machines to process actual transactions.

Applied Communications of Omaha, Nebraska had contracted to supply special software to run the system in a deal worth several million dollars.

CAP, the UK software house, would test the software.

Plessey Crypto, the UK electronics company, would supply special retailers backed a single, national system. They did not want a plethora of systems competing for counter space.

Economic loss claim can be argued in tort

THE KAPETAN GEORGIS Queen's Bench Division (Com-mercial Court): Mr Justice Birst: October 15 1987

bility incurred in a chain involv-ing ultimate liability for physi-cal damage is arguable in tert, and the court will not set aside service of third party proceed-ings out of the jurisdiction on the ground only that such a claim is for economic loss. Mr Justice Hirst so held when

refusing an application by Cape. Breton Development Corpora-tion (Devco) to set aside third party proceedings issued against it by Skaarup Shipping Corporation, first defendant in an action by Virgo Steamship

an action by virgo Steamann Co SA.

HIS LORDSHIP said that in January 1981 a shipment of coal was loaded on the Kapetan Georgis, a vessel owned by Virgo. Six days after sailing an explosion occurred on board, causing damage and loss of life. The vessel was under time charter to Skaarup, which in turn had entered into a voyage charter with Burios Markos (BM), which in turn had entered

(BM), which in turn had entered into a sub-voyage charter with Otto A Mueller.

Deveo, a Canadian company, was the shipper of the coal.

An action was brought by Virgo against Skaarup as first defendant and BM as second defendant and BM as second defendant.

loading dangerous cargo. Skaa-rup, a US company, did not dis-pute the jurisdiction of the English court, and put in a defence.

against Devco, alleging that the cargo was shipped pursuant to a contract between Skaarup and Devco containing a Canadian statutory clause that the ship-per of inflammable or danger-ous goods should be liable for damages arising out of the ship-

Therefore, it was alleged.
Deveo was liable to Virgo and if
Skaarup were held liable, it was
entitled to a contribution from
Deveo under the Civil Liability (Contribution) Act 1978.

In the alternative it was al-leged that Devco owed Skaarup a common law duty to take reaa common law duty to take reasonable care not to ship dangarous cargo, and in breach of that duty it had shipped excessively gaseous cargo giving rise to a liability to Skaarup in tort.

Devco applied under RSC Order 12 rule 8 to set aside the third party proceedings.

The burden was on Skaarup to show that the case fell within RSC Order 11 junder which a court can order service of tort proceedings out of the jurisdic-

proceedings out of the jurisdiction and had a good arguable case against Devco; and that, as a matter of discretion, service out of the jurisdiction should be

The claim against Skaarup Mr Glennie for Devco submit-was for damages and indemnity, ted that the claim in tort was for delivering the shipment and hopeless because it was essennopeless because it was essentially a claim for purely economic loss which the law debarred. He said that Skaarup, being a mere time charterer, had no proprietory interest in the vessel, and therefore no

proprietory loss. He relied on two very recent authorities, Candlewood [1986] AC 1 and Leigh & Sillovan [1986]

In Condlewood the Privy Council held it was a common law principle that if a wrong was principle that it a wrong was done to a chattel a person with a mere contractual, not a proprietory or possessory right in it, could not bring an action against the wrongdoer for injury to his contractual right.

In Leigh & Sillavan the House of Leigher and instruction of the confirmed

of Lords conclusively confirmed the same principle.
Mr Jacobs for Skaarup did not dispute the validity of the gan-eral rule. He submitted howeveral rule. He submitted however that where, as in the present case, the relevant claim was part of a chain which originated in a claim for physical damage, the application of the general rule was completely at large, having regard to the earlier House of Lords decision in Learneod [1982] AC 225.

In Learneod plaintiffs claimed damages in respect of the death of relatives in a motor accident when a trailer became de-

when a trailer became de-tached from the defendant's ve-hicle and collided with the de-

The Court of Appeal held that the retailers of the towing hitch were under a liability but were not entitled to pass it on to the manufacturers, on the ground that it constituted a claim for

that it constituted a claim for pure economic loss.

The House of Lords allowed an appeal on the footing that the retailers were not liable, and it was unnecessary to deal with the economic loss point.

However, Lord Diplock stated that he did not seem to be recarded as approprial.

sion to be regarded as approval of the proposition that where the economic loss suffered by a distributor in the chain bedistributor in the chain be-tween the manufacturer and the ultimate consumer consists of a liability...for physical inju-ries...or llability to indemni-fy...for damages for physical in-juries, such economic loss is not recoverable...

That suggested that where the case was hallmarked by a physical damages claim somewhere up the chain, there was a strong case for not applying the general regions.

case for not applying the general principle.
Indeed, it seemed that the passing down a chain of a claim for physical damages, might well not be properly regarded as a purely economic loss claim.

Mr Glennie submitted that any loophole which might have been created by Lezmedd was closed by the two 1986 cases.

The 1986 cases. neither of The 1986 cases, neither of which was concerned with a chain claim of the present type, really had no bearing on the point left open in Lemmad.

arguable case in law that the third party claim was open to it. Mr Glennie also submitted that in point of fact the claim in mote a prospect of success, that Skaarup was unable to show a

unreported, 1978, Mr Justice Mustill, in which Devco was successful and which arose out of a single trial with all of the case; inconvenience of the UK. ful and which arose out of an explosion on a vessel loaded with Deveo coal

It was however unwarrantable for Deveo to seek to invoke a decision on one set of facts re-lating to an explosion in 1975 as plosion and set of facts in 1981. The outcome of the present case would depend on its own evi-

Skaarup had a good arguable case on the claim in tort, in law and in fact.

Even if there had been no tonakis, FT, Oct.

foundation for a claim in tort, Skaarup's alternative reliance on the 1978 Act was sound. Section 1(1) of the Act, which provided that a person liable in re-spect of damage might recover contribution from another person liable in respect of the same damage, created a cause of ac-tion in its own right. There was nothing in the Act to limit its scope to liabilities incurred in

In exercising its discretion whether to set aside the third party proceedings, the court took account of relevant other proceedings; the case's connecexperience already acquired by the case and to the Athanasia; the alleged weakness of the of a single trial with all effec-tive parties present and bound by the result

Taking all those matters into ccount, the conclusion was that it was a proper case for ser-vice of the third party notice out of the jurisdiction on Devco. The application was dismissed. the foundation for a virtually automatic assumption that the same result would be reached in relation to a a different ex-For Skaarup: Richard D. Jacobs

By Rachel Davies

In Morgan Guaranty v Hadjan-tonakis, FT. October 16 1987, the probable trial date set out at the top of the third column should read: Commercial Court

THESE REPORTS are pub-lished in volume form with the full text of judgments. For sub-scription details contact Klu-wer Law Publishing, Africa House, 68 Kingsway, London, WC2B 6BD. Telephone 01-831

Co-operation 'not a client-loss risk'

FINANCIAL INSTITUTIONS could share the huge costs of developing so-called utility electronic services, such as east-dispenser networks, without risking their competitive position or loss of customers, the Financial Times conference in London was told.

Mr. Rob Firstether, chief ex-

In London was told.

Mr Rob Farbrether, chief executive of Funds Transfer Sharing, part of the Link cash-dispenser sharing network, told delegates that pride and a belief that one's customers had to be presented from the assumption

be protected from the competition were the chief reasons for go it alone decisions.

However, he said: 'Co-operation and sharing of costs does not lead to losing one's own customer to a competitor. I have yet to hear or witness a customer switching loyalty on the basis that he or she used another or switching loyalty on the basis that he or she used another or ganisation's automated-teller management issues remained to be remained to be remained to be remained.

ganisation's antomated-teller machines."

Mr Jacques De Kerser, generals manager of the Generale Bank of Brussels, Belgium, argued the same case for electronic funds transfer at the point of sale, so-called cashless shopping. He said: "Effors is not oung sie said: Estpos is not bound to affect customer loyalty nor to cause shifts in markert share, except in the corporate sector. The additional services should cancel each other out. Only quality and price can have

any impact."

Mr Weedman of Burton Group guoted surveys which showed that what customers wanted from retailers - lower prices apart - was less time at the till

apart - was less time at the till and less time quening.

It followed that retailers were in favour of systems which gave them a competitive advantage and provided the customers with what they wanted. However, he emphasised that Eftpos would be operated by retailers: "We want the right to determine the firture of payments systems." the future of payments systems

which we operate."

The continuing lack of complete unanimity between the hanks and the retailers over details of the UK. Ettpos system was illustrated by several edgy exchanges between Mr Woodman and Mr Bert Morris, head of management services at Nation-

CONFERENCE

Mr Hecter Robb, bead of systems audit for Barelays Bank, dealt with the question of services. He argued that
systems security was a funda
mental business requirement
that had to be viewed alongside
other fundamental require ments: "A weakness in security is an accrued cost, to be paid with interest at some future point in time."

point in time."

He said competitive influences unless properly managed could have a serious impact of security and coatrol, exposing businesses to financial loss and failure to meet objectives.

Another approach to security
was outlined by Mr John Tunstall, general secretary of the
International Association for
Microcircuit cards, credit-cardsized pieces of plastic contain-ing a complete computer sys-

card, he said they were difficult for counterfeiters to copy and almost impossible for thieves to



Electronic

tem.
While accepting that microcircuit cards were more expensive than other kinds of plastic

man and Mr Bert Morris, head of management services at National Westminster Bank and chairman for yesterday's session.

Financial institutions in the west were paying lip-service to the importance of global financial markets without seriously considering the implications of the datacommunications in-



Dresdner Finance B.V.

Dresdner Bank Principal Paying Agent

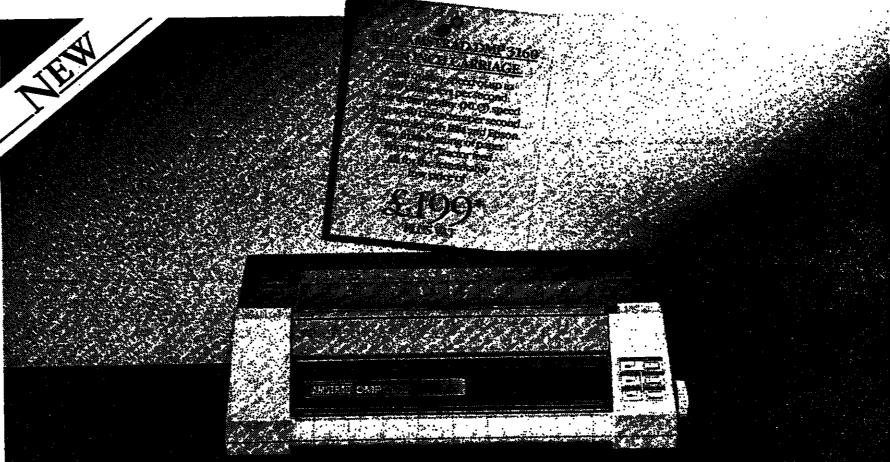
OMNIS QUARTZ Better prospects for database builders

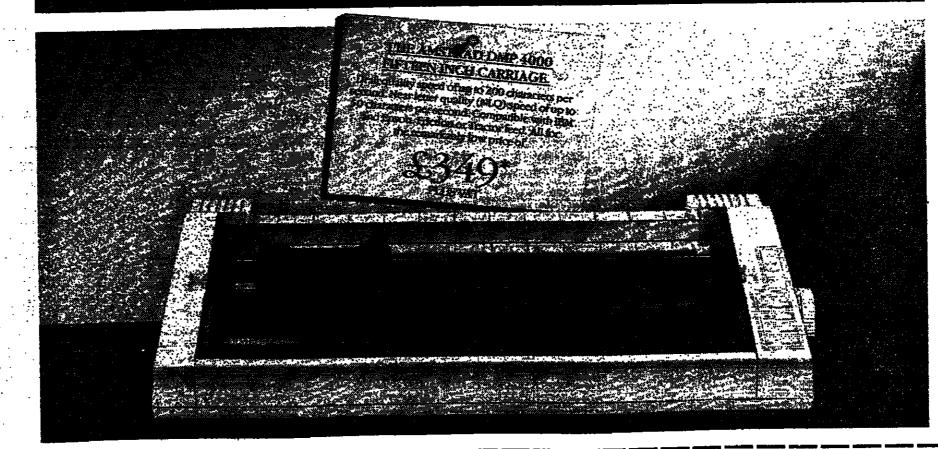
Easier, faster, more powerful database development for IBM P\$/2, 80286 and 80386 microcomputers.

0728 3011

The professional database system for Microsoft Windows

COMPATIBLE PRINTERS. INCOMPARABLE PRICES.





TELEPHONE

Please send me further information on the DMP 3160 □ and the DMP 4000 □

NAME

COMPANY

AVAILABLE AT: ADT - COMPUTER MARKETING - ELTEC - FIRST SOFTWARE - HILL INTERNATIONAL - MBS - METYCLEAN - MICRO PERIPHERALS NORBAIN - NORTHAMBER - OFFICE INTERNATIONAL - P&P - SANDHURST - HUGH SYMONS - VISTEC - WILDINGS

*Recommended retail prices including VAT, DMP 3160 - £228.85, DMP 4000 - £401.35. Prices correct at 1-9-87 but may change without notice.



Amstrad plc., PO Box 462, Brentwood, Essex CM14 4EF. Telephone: (0277) 262326.

B. A. Young

The Cheltenham Festival al- symposium on the historical ways saves some of its plums novel, considered from diver for the last few days. On Fri- gent points by Melvyn Bragg day of last week we had both Timothy Mo and Peter Ackthe annual Shakespeare Lecture royd. They have all written and the Cheltenham Lecture, such books; Bragg is devoted for which the lecturer may to them, Mo says he will never choose any subject he likes. Professor Stanley Wells, head that history and biography are of the Shakespeare Department all a kind of fiction anyway. of OUP, did the Shakespeare. Chairing their discussion was He spoke engagingly of the ways Owen Dudley Edwards from in which Shakespeare's texts Edinburgh, who had just run have been popularised (and excritically through the six books purgated) between Lamb's Tales on the short list for the Booker (1807) and Leon Garfield in Prize. I am breaking no con-1985. George Steiner gave the fidence if I reveal that his vote went to Brian Moore's The Colour of Blood, with Peter Cheltenham Lecture: it was labelled "Constraints." and Ackroyd's dealt powerfully with the need for self-censorship in writing, runner-up. He took a Whitehousian view: Even the more theatrical

Even the more theatrical offerings had all a literary subtext. Brecht on Magic was an evening of fairly modest conjuring tricks by Ian Saville, against a background of chat with Brecht (a ventriloquist's dummy) and Marx (a portrait with a moveable mouth). Mr Saville is not only funny but well up in his subject, though when you can extract such emo-tion from the two letters "Ah." he said, why use four letters? As if in rebuttal, the next As if in rebuttal, the next day gave us another hearing of Chaucer's Miller's Tale, this time with delightful interludes of 13th and 14th century music on appropriate instruments. Chaucer spelt it differently, but there on appropriate instruments. Saville is not only funny but there is a practical four-letter word at the base of that gaily improper story. On the other hand, Shakespeare's Venus and Adonis, read to wide approval by Imelda Staunton and Douglas Hodge, contains improper thought with no improper speech, more in line with the Steiner principle.

Sundry routes pursued by English writing were monitored. David Edgar gave an instructive demonstration of have two wives, to be Byron, to be in training for a boxing how he had dramatised Nicholas Nickleby that was

instructive demonstration of how he had dramatised Nicholas Nickleby that was item in the schedule. interesting to compare with By way of a cheerful fare Charles Barr's film talk the well, Humphrey Carpenter's 10chartes Barrs nim talk the well, Humphrey Carpenter's Ito-previous week. Paul Foot (a piece academic dance-band Vile great Festival hero) gave a Bodies played numbers from characteristic talk on Richard the 1920s and 1930s, with rele-Carlisle and the freeing of the Press. Jain Banks and Jan watson, with Peter Nicholls in Waugh and Michael Arlen. The the chair, discussed the literary Festival's whole schedule, the claims of science-fiction. Robert work of Gordon Parsons, lec-Eddison, Jill Balcon and Tony turer at Cheltenham's College Robertson read from children's of St Paul and St Mary, has Opie Collection of children's been as entertaining as it has Opie Collection of children's been devoted to its chosen writing.

There was an engrossing Living."

Television/Christopher Dunkley

Nostalgia rules the airwaves

The motto of British television drama departments is, presumably, "Another time, another place." The determination to avoid the sights and sounds, not to mention the achievements and problems, of present day Britain, and to hide behind a screen covered in steam trains, crinolines and vintage motor cars, becomes ever more pronounced.

If you had been living for the day when television drama offered you a close-up of a dark Mark II drophead coupé, or the sight of a middle-class English family decked out, with obsessive attention to authentic detail, in the clothes and luggage considered in pre-war years to be suitable for Corfu (Burberrys, Clark's sandals with socks, solid leather suitcases) then British television is doing you proud this season. The Railton made a guest appearance in the opening episode of The Charmer on ITV, and the Corfu-bound family in the opening episode of BBC1's adaptation of My Family And Other Animals.

If, on the other hand, you feel that a mass medium as popular as television has some obligation in a form as popular as serial drama to deal with matters as profound as the social effects upon all of us of switching from a Butskellite welfare state to a Thatcherite free-market economy, then you may feel less happy.

As ever there are, of course, exceptions. This season BBC2 has screened Jim Cartwright's drama Road which is much concerned with unemployment and, in this version, set in what appeared to be an abandoned housing estate taken over by squatters. There was some splendid camerawork at the beginning (presumably shot with a Steadycam or some other gimbals mechanism allowing director Alan Clarke to produce extraordinarily free - flowing scenes as people walked the streets) but this was not enough to make up for such gratuitously repollant scenes as gratuitously repellant scenes as the woman French-kissing a man who had just been sick.

In present circumstances one would not necessarily want to condemn a writer for producing little more than an incoherent shriek of resentment. Indeed, television drama may be con-veying too few shrieks of this sort from the have-not areas of Britain to the haves. It is sig-nificant, however, that this was a single play, and the single play is a theatrical phenomenon. Cartwright wrote this work for the theatre, and perhaps that is the reason it has already received such a dispro-



Ronald Pickup in "Fortunes of War"

theatre on the same evening innocent Paul Nicholas looked each week to watch a serial and sounded mis-cast in the then they would, no doubt, have

But time has shown that in

Even within serial drama there are exceptions to the steam train rule. For example, nobody could claim that ITV's

role.)

There are also the BBC1 series Truckers and Pulaski, such chance, the theatrical both set in the present. The first tradition developed via the single play. When television began it borrowed most of its ideas from elsewhere: news who look the part. It has a very values from Fleet Street, documentation from the circum that it is occasionally as who look the part. It has a very nice line in convoluted plot. To say that it is occasionally as slick and streetwise as the best episodes of Minder is a great compliment, and we have yet to see whether the standard can be maintained.

However, apart from displaying a deep cynicism about profits, the law, and private and public morals, the contemporary nature of Truckers is not transport t of tremendous significance.
Most of the stories (such as the
use of a ladykiller Rollo to
seduce the female tax
inspector) would make just as much sense if transported to some other period.

Pulaski is more funda-mentally part of the age we live in, being concerned with the making of a mid-Atlantic television detective series, but like Truckers it seems entirely concerned with entertainment. Heaven forbid that it should be condemned for that. But it is

It can hardly be a matter of

given that the past 10 days have seen the start of Fortunes Of War, The Bretts, My Family And Other Animals and The Charmer. So besotted are the directors and producers of all these with their period trapimpossible for the viewer to remain unaffected by the obses-

Wasn't that opening shot of steam train in Portunes Of War evocative? And not just one of the locomotives on the Bluebell Line (which we have seen in so many series that we know every piece of rolling stock by heart) but a real teastern European train; must be co-production money here . . . oh definitely—here comes a real Hispano Suiza. For The Bretts it was a Daimler and an according to the state of the state Austin (Six, was it?) and for the Durrells in My Family And the Durrells in My Family And Other Animals an unidentified

Didn't you laugh when Mrs Didn't you laugh when Mrs
Durrell commented on the
risque style of her daughter's
bathing costume — which was
one of those huge thirties'
efforts made of thick, dark
wool? And what about those
crèpe de chine camiknickers in
The Charmer with the quaint
white stockings held up by
great thick garters. Did you
manage without using the manage without using the freeze-frame on the VCR to count the money as Nigei Havers took it out of his pocket? I made it £5.6s.4d a white fiver, two half crowns, shilling, a threepenny bit and penny.

On the evidence of their opening episode, none of these series appears to be less than acceptable, and The Charmer seems to be an outstanding seems to be an outstanding example of its genre — the period crime series. Fortunes Of War looks even better; probably the best thing that director James Callan Jones has ever done. Not only are Kenneth Branagh and Emma Thompson (so wonderful as Suzy Keities in Tutti Frutti) showing uncanny maturity in portraying a young yet fragile portraying a young yet fragile marriage, but the casting throughout the rest of a very long list is spot on.

The fact remains that this is all escapism. We do, of course, rely upon television to provide escape from the tediousness of real life, and that has always been one of the functions of drama — but not the only one. Whether you look at the Greeks, Shakespeare, kitchen sink drama or Hollywood cinema you find that one way condemned for that. But it is surely not unreasonable to hope that television might find a contemporary society valued middle ground between the it was according to its ability solely entertaining and the finger-wagging diatribe, where a commentary upon modern serial drama could explore the life. Today American television drama tends to do that and little else, while more and little else, while more and

A Man for All Seasons/Savoy

Michael Coveney

of Thomas More's resistance to King Henry VIII's new Church of England was the first play I saw on the professional stage. Perched high in the gods of the Globe I was mesmerised by Paul Scofield, enchanted by Leo McKern as the Common Man and hooked for life. I doubt very much if Charlton Heston at the Savoy will have a similar effect on any impressionable young schoolboy.

No two ways about it, this import from the Chichester Pestival Theatre, Mr Heston replacing Tony Britton in Frank Hauser's politely old-fashioned production, is one monumental yawn. Much used to be made of the Brechtianism of the structure, but this now is a red herring. The Common Man's nudging asides and enquiries after our health (I'm glad somebody cares) are plain embarrassing, in spite of the ever-welcome presence of Roy Kinnear swapping hats and accoutrements.

This is not an epic, or even small pageant. It is a tale of a good man's refusal to betray his principles and respect a his principles and respect a
false claim to religious supremacy. Henry wants to divorce
the barren Catherine and sire
an heir by Anne Boleyn. The
Pope, and Thomas More, question his right to do so. As Lord
Chancellor, More lays his
career and his life on the line.
The political web around him
is sum by two other Thomases. is spun by two other Thomases, Cromwell and Cranmer, his plight surveyed and supervised by the Duke of Norfolk (a by the Duke of Norfolk (a good contribution by Rowland Davies). More is spied on by the Spanish Ambassador, visited by the hale monarch (Martin Chamberlain, a likeable young artist scholar) who likes him enormously, and asked to trim his ideological sails by his devoted wife and daughter (Gwen Watford emphatically Welsh, Adrienne Thomas pertand nearly fetching as Meg).

and nearly fetching as Meg). Everything about the evening 12) with Harriet Walter, Dis a painful reminder of the Bradley and Julie Legrand.

Robert Bolt's 1960 account play's status as a reliable stant by for school and amateur pro ductions. The language is dul-respectable and consistenti-sanctimonious. Which is her. Mr Heston presents Sir Thomas This man could never hav been a saint because he is too dreary ever to have knows

what temptation is Even more puzzling is hi hairstyle. The hair, in fact, i the only moving quality in the performance. Mr Heston's im pressive silvery ginger thatch is plonked like a tea-cosy or top of a Mount Rushmore carving. It buckles and rears a the back like an unruly hedge and finally takes off altogethe: when its owner is locked up it prison, leaving Mr Heston to white, but equally wayward tonsure. Was that under the other one all evening? Having them both off along with the head must come as something of a relief at the end. You know what they say about recalcitrant saints: hair today, gone to

1987 productions at Stratford

The final three productions of the Royal Shakespeare Com-pany's 1987 season open in Stratford during November—
Measure for Measure at the
main theatre, The New Inn at
the Swan, and Cymbeline at
The Other Place.

Measure for Measure (opens November 11) marks Nicholas Hytner's first production for the RSC, with Josette Simon, Roger Allam and Sean Baker

The New Inn (November 10) by Ben Johnson is directed by John Caird with John Carlisle Richard McCabe and Fiona Shaw, and Bill Alexander directs Cymbeline (November 12) with Harriet Walter, David

Angelus/Soho Poly Claire Armitstead

"At your age I'll be a trillionaire, or I'll have topped myself," says no-hoper Mick to his no-hoper mother in Tony Craze's new play Angelus. She is wavering between hanging on to her crumbling Brighton flat or accepting the pay-off the developers have offered; he awaits the share-out that will awaits the share-out that will buy him a plane ticket to America, land of opportunity.

The rub is that there is no such thing as opportunity for Mick, his mother, Mala, or the residence in the deserted flat above and allows her new neighbours to imagine what they will of her. Ruth's clairpassion for a cheap tape recording of the Angelus are tokens of their yearning for something beyond the mundane reality that she is mad and he a petty

intrudes into their lives in the form of developers' letters and a hazy awareness of the wealth that exists elsewhere. Their dreams of escaping together to make a new start are doomed make a new start are doomed wide-eyed stillness that gives never to be realised. It is only Ruth an intriguingly ethereal of the play has said aura. But the parameters are the play has said the play has a said

heap, is moving from a three-bedroom flat in Brighton to a one-bedroom one in Patcham.
Craze is good at portraying
the complexity of relationships:
Mick (Phillip Joseph) and
Mala (Stella Tarmer) seldom
talk except to fight, but it talk except to fight, but it becomes clear over the evening that she is more than a meal ticket to the son she cannot bear to lose. What are a little hard to take are the portentious allusions to "broken spirits, flattened souls" which fracture the dialogue — as if the lives of these three lonely people need reference to the errant spirituality of Graham Greene spirituality of Graham Greene in order to hold their interest and their resonance (not by chance is the play set in

Brighton).
Sue Dunderdale's production of their yearning for something beyond the mundane reality that she is mad and he a petty criminal destined never to get his cust.

Both have been left standing by a new materialism which introduced into the standing by a new materialism which introduced into the left standing that the standing into the standing that quently frames three perform-ances which gain steadily in

impact over the evening.
Phillip Joseph packs Mick with a nervy unpredictability, while Sarah Woodward has a

Saleroom/Antony Thorncroft

Degas could make £8m

the best. It has an excellent provenance, being sold by the Durand-Ruel family. It was Paul Durand-Ruel who first championed the Impressionists in the 1870s, and it has been in the families. the family's Paris home since the 1890s. The official reason for its sale now is that the Durand-Ruels want to build up their unrivalled collection of contem-porary art. The fact that the Gare d'Orsay museum in Paris has another version of the work (the third is with Norton Simon

Christie's can't quite match sotheby's achievement in selling Van Gogh's "Irises" in New York on November 11 but it is making a brave effort in offering one of Degas' most famous images "Les Blanchissenses," in London on November 30. The Van Gogh should top \$20m; Christie's is being cautious in estimating the Degas at over £4m.

It should fetch much rore. There are three versions of this celebrated painting (the one with one laundry maid yawning while the other gets on with the ironing) but this is regarded as the best. It has an excellent off-loading some of its silver at Sokheby's on November 19th. In the 1970s, when inflation was raging and the Stock Market was in the doidrums, British Rail invested in fine art. Its example was not followed but if the experience with the prints is anything to go by it was not a bad decision. Now 28 lots of silver go under the hammer, including a pair of Queen Anne silver gilt salvers of the highest of the prints is regarded as the best. It has an excellent price of up to £150,000 is anticipated. Other items expected to make £100,000, include a pair of Charles II covered vases by Thomas Jenkins and some Charles II candlesticks by Jacob Bodendick.

Sotheby's is still selling the contents of Mount Juliet in Co. Kilkenny in Ireland. Top price yesterday was £164,439 which was paid for each of a pair of paintings of assorted birds by Melchoir de Hondecoeter. They went way above forecast went way above forecast.

The Arts Minister Richard Luce has appointed Professor

An historian, critic and broadcaster, Professor Frayling

Burn This/New York

Frank Lipsius

Lanford Wilson has come to Allen), with difficulty summons represent, partly by default, the words to expel Pale as he contemporary American drama, shows a sensitivity that pre-If something has been lost in viously had seemed beyond the long journey from the him. All the first act and first coffee shop hippies in Balm in scene of the second presage Gilead (1965) to the restaurant this confrontation — a manager, dancer, screenwriter laborious process that used to and advertising copywriter in take Wilson a gesture or a line. his latest play, Burn This (at the Plymouth Theatre), it is — sporting shoulder-length jet the Plymouth Theatre), it is — sporting shoulder-length jet the sense of teeming life that black hair, prancing, preening

has disappeared.
Tough sixties to effete bie's roommate Anna, and Hogan instils the character mends his ways. Robbie was with a likeable good nature gay; so Wilson misses the possi- and intelligent angst.
bilities in the conflict over vio- The final member of the lating the brother's memory. In a main member of the lating the brother's memory. Quartet is the equally pat role but he was Anna's dance partoff the equally pat role but he was Anna's dance partoff the equally pat role but he equally partoff the equally pat role but he equally partoff the equally pat role but he equally partoff the equally par improbably drawn to each

This have the same old characteristics, but they are supposed to sustain a whole play and a long one at that. Two eloquent heart-felt monologues, which make the characters complete, understandable and the characters complete. understandable and sympa-thetic, come only in the second

while setting his hair in a pig-play beyond a hackneyed old-tail that might be a parody of fashioned romance that has the some modern Japanese cere-mony. Anna, a dancer (Joan able.

ther.

The four characters in Burn
this have the same old characters but they are supposed best off-hand sarcastic lines in the supposed by sustain a whole play and a his voyeuristic commentary, portraved with an onthresser, portrayed with an enthusiastic perkiness by Lou Liberatore. Director Marshall W. Mason

has disappeared.
Tough sixties to effete eighties has come down to this story of unregenerate Pale who represents the coverwhelmingly in John Tee Party of the play its story of unregenerate Pale who restricted the coverwhelmingly represents the coverwhelming the coverwhelmin arrives in John Lee Beatty's predictable role of Burton, fancy pin-ceiling loft to retrieve the possessions from his dead brother Robbie's flat. There he finds love with Robrossessions, though Jonathan bis's

Wilson's long-time collaborator, has picked an outstanding cast thetic, come only in the second fas picked an outstanding cast from veterans of circle Rep, the company he and Wilson gangsterish Pale (John Maiko-vich) emerging on New Year's morning in Anna's pink dressing gown to make a pot of tea, But they failed to shape the

> SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH.

> > AND THERE NEVER WILL BE.

started writing serials 2,500 years ago. Since they stood no

mentaries from the cinema, light entertainment from music hall and — almost inevitably drama from the theatre.

the las shown hat in television the serial's the thing. There was certainly nothing wrong with the single plays of Mercer, Potter, Loach, Garnett, Russell and so on, but televi-sion's "unique selling point" is its permanent presence in the home. It takes a series, and preferably a serial, to benefit properly from this U.S.P. and we have seen the possibilities in such adaptations as Brides-head Revisited, The Jewel In The Crown and The History Man and, even more impor-tantly, in such television origi-nals as Edge Of Darkness, The Singing Detective, Muck And Brass and A Very Peculiar

already received such a disproportionate amount of attention of Thatcherite Britain: bankrupt of Th

Jonathan character of getting their as typifying the spirit of the television drama departments turns to steam trains and crepe audiences to go back to the age. (Though the boyishly lacking the finance or the time, de chine camiknickers.

Orchestre National de Lyon/Barbican Hall

Andrew Clements

Serge Baudo conducts in In the year that sees the Malraux's renovations to the Blue Danube than a vision of London regularly, but never 50th anniversary of the death musical system in the late Scarbo let off the leash in a previously with the orchestra of of Ravel, an all-Ravel concert 1960s have mow decisively ballroom. For the concerto which he has been director and conductor for the past 17 years, tra was a nicely judged homage, the Orchestre National de Lyon. but not one that began with the which he has been director and conductor for the past 17 years, the Orchestre National de Lyon. Its debut in the Barbican on Monday was sponsored by the Rhones-Alpes trade mission in London and a clutch of other French sponsors, one of whom offered concert-goers a sample of nougat to while away the interval. Something to chew on at that point was welcome. In the Anticola Property of the playing stanting from a visiting French orchest permeated to the playing stantar and conductor for the past 17 years, tra was a nicely judged homage, dards—and Serge Baudo is a thoroughly effective and proportion of the playing stantar and conduct of the playing stantar and sample of the context exactly, never puthency of the ageing Mala who, by the ageing M

at that point was welcome, for is a thoroughly effective and it of Mediterranean clarity; Lo piece it surely the Lyon orchestra's programme was disappointingly insubstantial.

Take the band of the value of the value, soft at the edges, carry-over in which impression of other recent ing no dark undertow, emerged this occasion substantial.

piece it surely is, and one more-over in which the orchestra on this occasion was not shown in

Music/Monday. Opera and Ballet/Tuesday. Theetre/ Wednesday. Exhibitions/Trursday, A selective guide to all the Arts appears each Friday.

Theatre

Arts Guide

antony and Cleopatra (Olivier): Peter Hall's best production for the Na-tional Theatre he leaves in 1988 brings this great but notoriously dif-ficult play to thrilling life, with Judi Dench and Anthony Hopkins as bat-tle scarred lovers on the brink of old age. Dench is angry, withy and ulti-mately moving. Best of the rest at the MT is Michael Gambon giving his finest ever performance as Ar thur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lor-ca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it contin-ues in the repertoire (928 2252).

NEW YORK

Pences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy

liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality.

42nd Street (Majestic): An immodes celebration of the heyday of Broad-way in the '30s incorporates gems from the original film like Shuffle

Off To Huffalo with the appropri-ately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longestrunning musical ever in America
has not only supported Joseph
Papp's Public Theater for eight
years but also updated the musical
genre with its backstage story in
which the songs are used as anditions rather than emotions.
(239 8290).

(239 6200)

WASHINGTON Breaking the Code (Eisenhower: De-rek Jacobi brings his role of Alan Turing to America. Ends Oct 31.

Kennedy Center (254 3670). Joe Turner's Come and Gone (Kree-ger/Aresa): Tony Award winning playwright August Wilson turns in this play to a rooming house at the turn of the century where black peo-ple conjure up spirits that connect them to their heritage. Ends Nov 22 (488 3300) (488 3300)

All the King's Men (Arena): Adrian Hall's adaptation of the Robert Penn Warren novel explores the as-sassination of a demagogue during the Depression with music by Ran-dy Newman. Ends Nov. 22 dy News (488 3300).

CHICAGO

Bed Noses (Goodman): The American premiere of Peter Barnes' medieval vaudeville comedy pits Father Flote (Ivar Brogger) against the plaque with his remedy of humour, Ends Oct. 31. (43 3800)

October 16-22

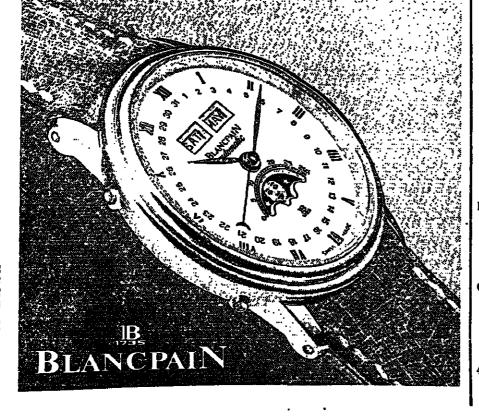
Les Misérables. After London and New York, now Tokyo and the Japa-nese version of the Tony-award win-ning musical. The cast was hand-picked by the creative team of pro-ducer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Gioza. (2017). Ginza. (2017777).

Nob by Terchlight (takagi Noh). Ideal for the lovely cool autumn evenings, this threatre by firelight offers a rare chance to experience Noh in its original outdoor setting. The effect of strategically placed fire caskets around the darkened stage is perfect for its other-worldly atmosphere. Yoroboshi is about a reconciliation between a father and his banished son who becomes a beggarpriest, and is followed by the kyogen comic piece, Tsuto Yamabush. The pocket books A Guide to Noh and Guide to Kyogen (available at hotel bookshope), give the plots. His biys City Plaza, near Ginza. (Thur).

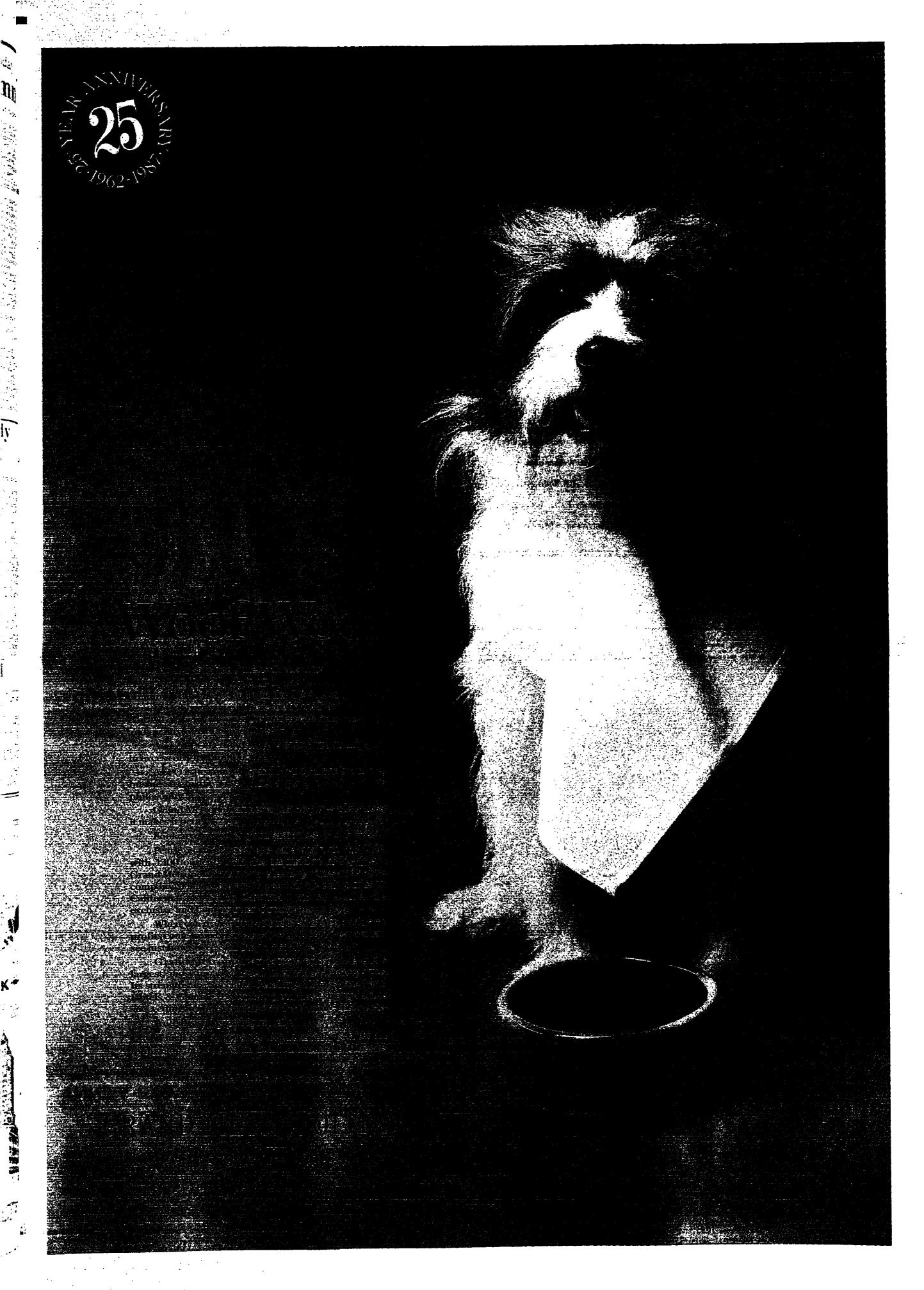
Christopher Frayling as a member of the Arts Council to

is Professor and Head of the Department of Cultural History

s by 1SA – CH 1348 Le Bressus D Tel D1041-21 85 40 92



5=== 778/



NEW ISSUE

The First Boston Corporation

Bear, Stearns & Co. Inc.

Dillon, Read & Co. Inc.

Hambrecht & Quist

Lazard Frères & Co.

Morgan Stanley & Co.

Prudential-Bache Capital Funding

Shearson Lehman Brothers Inc.

16

INTL. COMPANIES & FINANCE

John Wicks on Tito Tettamanti's threat to the Swiss engineer

Sulzer takes refuge in share register

October 2, 1987

The Nikko Securities Co.

Daiwa Securities America Inc.

Goldman, Sachs & Co.

Kidder, Peabody & Co.

Montgomery Securities

L.F. Rothschild & Co.

PaineWebber Incorporated

Smith Barney, Harris Upham & Co.

lawyer, and while Mr Tettaman-ti stresses he does not plan a personal takeover of Sulzer, he and his allies want a say in the

way the company is run.

The emergence of this large shareholder faction is relatively new to the Winterthur company, where the largest single stake has long been under 5 per stake has long been under 5 per cent. Sulzer says it is deter-mined to maintain its indepen-dence and to "make use of all statutory, legal and judicial possibilities to this end." What this means - at least ini-tially - is that Sulzer is taking advantage of the fact that its en-tire voting capital is in the form

advantage of the fact that its entire voting capital is in the form of registered shares.

This popular Swiss equity category, which accounted in latest calculations for more than 32 per cent of total market capitalisation, carries the name of the holder and must be entered into a share register before it gives entitlement to voting rights.

Sulzer, which incidentally pioneered the (non-voting) participation certificate in 1963, is one of the few large Swiss companies with no bearer shares.

Warding off domestic takeovers

Until recently registered

Until recently registered shares were seen primarily as a defence against takeovers by foreign interests. In the past year, however, they have proved particularly handy as a means of warding off unwelcome domestic bids.

The most highly publicised move of this kind took place earlier this year when Hero, the food products group, refused to register a large packet of shares held by Jacobs' Suchard and thus sabotaged a planned acquisition by the big Zurich confectionery and coffee company.

Non-registration also saved Georg Fischer, the large Schaffhausen-based engineering group, and Usego Trimerco, the retail chain, from unfriendly-albeit Swiss-takeovers.

Sulzer's tactic, carried out earlier this month, was to limit to 1,000 the maximum individual holding which could be registered.

al holding which could be regis-tered. Until May, this ceiling had been 4,000 shares (though

SULZER BROTHERS, the Swiss engineering company, is in an embarrassing situation.

Between 30 and 50 per cent of its voting capital is held by a group of shareholders centred on Mr Titto Tettamanti, a Lugano laws of 1.5 per cent of total capital, while the group of investors who form a loose syndicate is experiencing the consequence and while Mr Tattaman. around him owns the rest of the

At the time of the Hero epi-

is experiencing the consequences. A direct line of com-



to 50 per cent "dissident" iake. It is unknown just who these investors are, though they are believed to include important banks as well as numerous pri-

what makes the Sulzer case particularly unusual is that about 22 per cent of the company's 199,000 registered shares are said to be "floating" and so are not entered into the share register in Winterthur.

Many holders of these shares will presumably have to remain and heads North Atlantic, a

the company's more restrictive

Switzerland that the institution of the registered share - apart tels and Hertz, the car rental from being insecurely anchored in equity law - could prove an undestrable brake on free stock undestrable brake on free stock cent shareholding in Martell,

munication has allegedly been established between the company's management and Mr Tetta-manti and unconfirmed reports manti and unconfirmed reports indicate that bankers may have applied discreet pressure on Winterthur for some kind of consultations.

Mr Tettamanti, who keeps a low profile in his native Switz-

Many holders of these shares utility presumably have to remain disenfranchised in the light of the company's more vertilation.

group.
Last summer, North Atlantic's
Panama subsidiary, Coniston
North Atlantic International, registration policy.
Yet in the long run, such a large group of shareholders can hardly be ignored.
At the same time, there is a growing body of opinion in Switzerland that the institution time and Hilton International house the parent of United Atrilines, Westerland that the institution time and Hilton International house the same Herry the care register.

SULZER	BROTHERS PERFOR	MANCE	
	1986 SFr	1985 . SFr	% change
er .	4.548bn	4.536bs	+0.2
	4.630bn 242m	4,780bn 211m	-3.0 +15
-	67m	42m	+60
company: fits	38m	26m	+44
id per share	100	80	+44 +25

the French brandy group.

In the case of Allegis, he was

instrumental in replacing the chairman and initiating the break up of the group.

With Sulzer, his argument has been a different one, hamely-that the stock has been much too cheap: when he bought his 3,000 shares last year and rec-ommended "friends and ar-quaintances to buy, he felt they were "the most undervalued shares on Swiss stock ex-

changes." Even now, after a period of steady climbing, a recent price of SFr7,300 (\$4,899) compares with Bank Vontobel's recent es-timate of Sulzer shares' intrinsic value at SFr13,900.

With this in mind, Mr Tettamanti wrote to Mr Pierre Borgeaud, Sulzer's chief executive, in April making suggestions which the company says concerned the capital structure of our firm.

These proposals apparently included recommendations for the creation of bearer shares, a split of extant registered shares, and the issue of rights warrants to current holders of registered shares and participa-

tion certificates.
When Mr Tettamanti approached the company this spring he received a raply from Mr Armin Baltensweller, the chairman, who stressed that

Suggestions on capital structure

board and management concerned themselves constantly with the attractiveness of Sulzer equities. Mr Baltensweiler gave as an example the favourable drawing rights in a 1986 capital increase transaction.

It now looks as though the company may have to go rather farther than this toward Mr Tettamanti's point of view.

Indeed, goodwill seems to be growing on both sides. Mr Alfred Sulzer, the company secretary, has said publicly that any offer of co-operation resulting from industrial impulses would be carefully considered in Winterthur, while Mr Tettamanti has stated that he

Tettamanti has stated that he would support "any solution-which is in the best interests of the company and its sharehold ers."
Such a solution would, howev-

er, seem to mean that Sulzer will have to demolish at least part of its registered share defences.

Come to the top. At Credit Suisse, our vast syndication network

This announcement appears as a matter of record only.

TOKIOMARINE

The Tokio Marine and Fire Insurance Company, Limited

(Tokio Kaijo Kasai Hoken Kabushiki Kaisha)

3,000,000 American Depositary Shares

Representing

15,000,000 Shares of Common Stock

(par value 50 yen per share)

Alex, Brown & Sons

Donaldson, Lufkin & Jenrette

E. F. Hutton & Company Inc.

Merrill Lynch Capital Markets

Wertheim Schroder & Co. Dean Witter Capital Markets Yamaichi International (America), Inc.

Robertson, Colman & Stephens

Nomura Securities International, Inc.

and creative financing methods work harder for you. There's a whole world of trade and export financial knowledge waiting for you at Credit Suisse and our international syndi-

It begins with thorough, professional advice, and cames through to compet-itive solutions precisely tailored to your

cation network.

Whatever you need in trade and export finance, whether it's a complex letter of credit or a multi-source financing package, you'll get the kind of swift, dependable response that you'd expect from one of Switzerland's largest and most respected full-service banks... Credit Suisse, where cr

in trade finance is a long-standing tradition.

you at the top.

Not only Vienna is at your finaertips



Through us you can reach the whole of Austria. With our 2500 banking outlets (GZB-Vienna, 8 regional banks, 880 local Raiffeisenbanks and 1600 branches) throughout the country we have the necessary contacts for your clients at our disposal and direct access to Austrian business. We are therefore your ideal partner for banking in Austria: Our services include * speedy same-day documentary service * cash management * intermediate ig accounts for exporters and * cheque-clearing. We would be happy to talk to you about our other services - just give us a call.

A-1010 Vienna, Herrengosse 1-3, Tel. 6662-0* Telex: 136989, Swiftcode: ZENT AT WW tive offices in New York, London

Hong Kong, Singapore and Milan Your banking partner in Austria.

BY MICHAEL DIXON

				/—		ptember 30)		
e recruitment scene. Until	*	86-1	37	85-8	36	84-85	83-84	82-83
s week, however, the Jobs	Type of	Posts	Change		Change	Posts Change	Posts Change	Posts Chang
lumn never suspected that	Of .	adver-	from '	. Sqiasi	from	adver- from	adver- from	adver- from
ey were not just eccentric, but	MOLE	tised	85-86	- tiseti	84-8 5	tised 83-84	tised 82-83	tised 81-8
rverse.			%		P	% .	%	%
The evidence which has	R&D	0 722	.265 `	4,263	-40.2	7,129 - 5.4	7,538 +125	6,702 +58
anged my view inrks behind	Marketing	3,133 6,215		6,068	- 7.6	6566 53	6.932 +10.8	6,257 +24
e accompanying table drawn	Production	4,931	- 24 - 43	· 5752	291	7257 + 74	6.767 +23.6	5,473 +36
m the MSL international	Accounting	7,334	+152 *	5,152 6,368	-19	6,492 + 9.6	5.923 +16.6	5.079 +17
namental a districtly comits	Computing	3,358	9.8	3,724	-135	4,304 + 6.7	3,958 +45.8	2,715 +5
United Kingdom advertised	General met.		+15.8	1,277	- 2.4	1,308 - 0.4	1,313 + 3.3	1,271 +12
mand for managers and key	Personnel	1,065	+183	900	- 65	963 8.9	1,057 +23.6	855 +4
ecialist staff. The quarter	Others	6,372	+16.2	5,484	-14.4	6,407 +16.4	5,503 +51,1	3,642 +21
vered by the latest check was	3	- 10,51		•••				
ly to September, which the	TOTAL	33,887	+ 2.0	33,236	-17.B	40,436 + 3.7	38,991 +21.9	31,994 +33
itish obdurately regard as							0.000	1 410 - 41
eir summer.	OctDec.	7,850		8,5%	- 33	8,893 + 3.9	8,560 +32.3	6,468 +29
n that period recruitment	Jan-March	9,166	+41	8,804	-24.3	11.624 + 9.3	10,637 +16.9	9,100 +37
ops from the previous three onthis level in almost every	April-June July-Sept	8,597 8,274	+ 5.2	8,172 7,664	-21.5 -19.4	10,412 + 3.8. 9,507 - 2.6	10,034 +20.3 9,760 +20.7	8,340 +49 8,086 +18

sind of higher-rank work. But there is an exception which seems to set UK employers apart from ordinary reasonable men and women who in the summer like to do pleasant things, and seek the society of folk who look on the bright side apart from ordinary reasonable cent for computer liveware; 7.5 men and women who in the for general managers; 6 for the summer like to do pleasant research, design and developthings, and seek the society of ment staff; 49 for the 'Others' folk who look on the bright side group containing a monagerie of life.

What employers do, on the lawyers, economists and such; other hand, is to increase their recruiting of accountants' one sales people which was also of whose trade mottoes, of the average fall for executive course, is "always look on the production".

3.7 per cent for marketing and sales people - which was also the average fall for executive types as a whole; and 29 for production managers.

The corresponding figure for accountants was a rise of 2.3 per cent. Admittedly there was also an increase in one other of the table's extegories. But it was of Had the employers acted like that solely in the latest summer, their deed might have been put down to an isolated fit of insane an increase in one other of the table's categories. But it was of a meagre 0.1 per cent. And the fact that it was in demand for personnel specialists surely-confirms that the people whose company UK employers seek in the summer are scarcely the

The 1987 attack was unusually acute. The call for accounting and finance staff during July-September was the biggest since MSL began its checks 28 years ago - which might perhaps have had something to do with

PROPERTY ALONG THE M25

The Financial Times proposes to publish this survey on FRIDAY 23rd OCTOBER 1987

For further information contact: Joseph Dawson on 01-236 9763 year usual Financial Times represe FINANCIAL TEMES

NORTHERN IRELAND

The Financial Times proposes to publish a Survey on the above on Thursday, December 3, 1987

Topics proposed for discussion include:

ENERGY OVERVIEW INDUSTRY RETAIL PROPERTY THE ECONOMY COMMUNICATIONS INDUSTRIAL DEVELOPMENT POLITICS BANKING & FINANCE TOURISM COMPUTER SOFTWARE AGRICULTURE SMALL BUSINESS

For a full editorial synopsis and details of available advertisement positions, please contact:

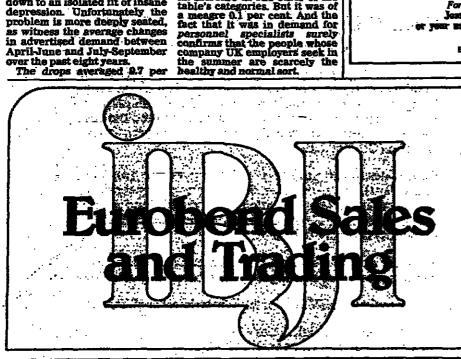
> **BRIAN HERON** on 061-834 9381

or write to him at

Alexandra Buildings, Queen Street Manchester M2 5LF Telex: 666813

FINANCIAL TIMES **EUROPE'S BUSINESS NEWSPAPER**

LONDON · FRANKFURT · NEW YORK



IBJ International is a leading market maker in Eurodollar and yen bonds. To accommodate our continual, steady growth, we are now seeking two experienced, highly motivated individuals to strengthen our sales and trading teams.

Eurodollar Bond Sales Executive

ending our retail base in eurodoliar sales. We are looking for experienced sales executive, with an established client base in eurodollar straight bonds.

Currency Bond Trader

With established success and strength in yen and eurodollar market making, our ambitions extend to diversifying our product range, through the inclusion of currency bonds: we are therefore secting a professional trader with experience of chemark, ECU and Guilder eurobonds.

Both positions offer a competitive salary negotiable according to experience, together with full banking fringe benefits package.

To find out more about either of these affordating roles, please telephone in Matheson on: 01-236 1090, or write to him at Fij International Limited, Burklambury House, 3 Queen Victoria Street, LONDON ECAN BUR.



- IBI International Limited Buchlessburg liquise.

3 Queen Victoria Street, London EC4N 8HR.

OPPORTUNITIES 1987/1988

GILTS SALES AGENCY DEALING **MARKET ANALYSIS** **EQUITY SALES**

PRIVATE CLIENTS **FUNDMANAGEMENT**

If you offer experience in one of the above areas and are thinking of making a move, please contact Susan Millord — Manager, Engacial Appointments for an informal discussion.

Telephone: 01-256 5041 (out of hours (0483) 37480)



.,,

1000

Management Personnel

10 Finsbury Square, LONDON EC2A 1AD

STOCKBROKING OPPORTUNITY MANCHESTER

Expanding Manchester Stockbroker servicing private clients requires an

EXPERIENCED DEALER

Attractive salary and pension scheme package, together with exciting prospects, is offered to the right applicant.

In the first instance telephone or write in confidence to: City Press Services, Chapel House, 172 Chapel Street, Manchester M3 6BG, 061-832 7972, advising us of any companies to whom you do not wish your application forwarded.

NEW BUSINESS DEVELOPMENT

Aitken Hume International, a rapidly developing Financial Services Group comprising Life Insurance, Portfolio Management, Unit Trusts and Banking Services is seeking a Deputy Head for its New Business Development Department

As a result of the Financial Services Act 1987 the person who is appointed to this newly created position will also be the Managing Director of a small untied company, directly responsible for a team of specialists whose task is to develop new business opportunities in the fields of personal pensions, financial planning and income tax advice.

In conjunction with the Head of the Department he or she will formulate strategy set business targets, allocate tasks and ensure that goals are achieved.

Applicants should have a background in personal pensions and tax advice or financial planning generally and some experience in a banking and funds management environment would be an

Salary will be up to £40,000 per annum with a comprehensive

Please write with a full C.V. to Norman Perry, Aitken Hume tional nlc 30, City Road, London ECIY 2AY.



AITKEN HUME INTERNATIONAL PLC

Major Pension Fund Investment Analyst – **UK Equities**

The assets of the ICI Pension Funds which now exceed £4.5bn are managed by our investments Department located near Covent Garden. We are now seeking an ambition is fund management.

You should possess a degree and have at least 1-2 years' experience in the UK securities market. Working in a small team, with a good deal of scope for personal initiative, you will be responsible for giving specialist advice to the Portfolio Manager

on individual UK stocks, involving

and stockbrokers. There will also be the opportunity to become closely involved in the management of one or more smaller pension funds and possibly overseas markets at a later date. A competitive salary will be paid to

Please apply in writing to: Mrs D K Cunningham, Head Office Personnel, ICI PLC, I C House,

Financial Futures Sales

Merrill Lynch, with an enviable record of success in the worldwide financial futures market and membership of all principal exchanges, is strengthening its dynamic team of futures and options sales people.

We're looking for men and women with impressive institutional experience. and a solid track record in fixed income sales, and the ambition to achieve outstanding success.

The salary will reflect your experience - but there is of course no limit to your earning potential.

Please write to Karen Leach, Senior Recruitment Officer, Merrill Lynch Europe Limited, 3 Newgate Street, London EC1A 7DA.



Eurobond Sales

£ Highly Negotiable

The merchant banking arm of a major US commercial bank is expanding its London based sales force. It currently seeks experienced executives, to increase the Bank's distribution of primary and secondary market issues to institutional and high net worth clients in either the UK, France or Germany.

Ideal candidates will be graduates with 1-2 years' experience gained in an established house. A thorough understanding of a wide range of products is essential and language skills would be an

In return it offers excellent career prospects and a highly attractive benefits package.

Interested applicants should contact Sally Poppleton, Manager, on 01-404 5751, or write to her, enclosing a comprehensive curriculum vitae at: Securities Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City A member of Addison Consultancy Group PLC

CORPORATE FINANCE

Executives Managers

Assistant Directors £25,000-£100,000

We are acting on behalf of one of the City's most active and innovative Merchant Banks. Additional staff are sought at a variety of levels to join their growing corporate advisory

Applications are invited from individuals from the following categories:

* Newly qualified ACAs or Lawvers from City firms, with good degrees and ideally some relevant financial experience.

★ Corporate Finance specialists with merchant banking, stockbroking or public practice experience.

To arrange an informal and confidential meeting to discuss the opportunities in more detail, please call Tim Clarke ACA, Jon Michel or Robert Digby on 01-583 0073 (01-870 1896 outside office hours).

BADENOCH & CLARK

IRIDGE STREET, BLACKFRIARS, LONDON SCA 6LLOYDSAVENUE, LONDONECS

FLEMINGS STOCK EXCHANGE **EQUITY TRADERS**

Due to Flemings' expansion, opportunities have arisen for experienced equity traders. The successful candidates preferably aged 20-30 should have a minimum of 2 years' Stock Exchange trading experience in Securities.

A full salary package commensurate with relevant experience is available.

Applicants of either sex should write enclosing their CV to:-

Frank Smith ROBERT FLEMING & CO. LIMITED 25 Copthall Avenue London EC2R 7DR

Equity Research INVESTMENT ANALYST Retail/Food

City Stockbroker, institutional equities arm of leading UK investment bank, seeks an investment analyst to join established team in retail, food manufacturing and tobacco sectors. Applicants are likely to have gained specialist research experience in one of these sectors with a broker or institution. or will be working in a financial capacity within one of the industries. They will possess the analytical and communicative skills to prepare reports and to sell research-based ideas to institutional clients.

Competitive salary, plus profit sharing. Write, in confidence, with CV to Box No. A0700. Financial Times, 10, Cannon Street, London, EC4P 4BY. 16

ASSISTANT SYNDICATION **MANAGER**

c£20-£30,000 + Benefits

Our client, an expanding U.S. Merchant Bank in London is seeking an executive to join its syndication desk.

The successful candidate, who is likely to be in his/her mid 20's with a strong credit training and some marketing experience, will be involved in the pricing of new credit/money-market facilities, deal origination and high level syndicate participation.

Remuneration will prove attractive to the right

EQUITY SALES & RESEARCH

£Excellent

We are still experiencing widespread demand from stockbroking clients for quality sales executives and investment analysts with two years experience in the London market. A wide variety of sectors - both U.K. and International - can be catered for.

To discuss these positions further, please contact Christopher Lawless, Stuart Clifford or Hilary Douglas on 01-583 0073 (or 01-671 6732 outside office hours).

BADENOCH & CLARK

THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS 6-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4. **BLLOYDS AVENUE, LONDON EC3**

FOREX

APPOINTMENTS for Forex, Capital Markets and Treasury appointments consult a specialist agency

Terence Stephenson Prince Rupert House 9-10 College Hill, London EC4R 1AS Tel: 01-248 0263

- Equity Salespeople
- Investment Analysts Support Staff

Telephone DR. ELSPETH DAVIDSON

01-439

MANAGING DIRECTOR

Sought for general engineering company based south of Gloucester. Turnover currently in the region of £1m with considerable potential. Excellent salary and benefits for the right applicant.

Apply in writing to Box A0697, Financial Times, 10 Cannon Street, Loudon, EC4P 4BY.

JOIN A TEAM OF LEADING-EDGE **FINANCE PROFESSIONALS**

The Alcar Group is a fast growing, US based multi-national provider of consulting, data and sophisticated financial software to top corporations and financial service firms. We are looking for several highly qualified professional service firms. nals to assist us in our growth in the UK and Europe.

Responsibilities will include:

- Managing client relationships.
 Helping clients implement sophisticated corporate finance techniques to evaluate business unit performance and investment opportunities.
- Developing and delivering presentations to senior man Marketing products and services to existing and new clients.

Candidates will be highly motivated and creative self-starters who posses minimum of 4 to 5 years of relevant work experience; strong accounting, finance, communications and interpersonal skills; and highest ethical standards. Fluency in other European languages is desirable. CA, MBA or equivalent is required.

Please send CV and salary requirements to:

James P. Walsh, The Alcar Group Ltd. Ely House, 37 Dover Street, London W1X 3RB.

No agency or phone enquiries, please,

Philadelphia National Limited A WHOLLY OWNED SUBSIDIARY OF THE PHILADELPHIA NATIONAL BANK, U.S.A.

Career Opportunities

Philadelphia National Limited is the international investment banking arm of the Philadelphia National Bank, a market leader in the application of modern technology to international banking operations. Philadelphia National Limited combines this international banking operations. Philadelphia National Limited combines this commitment to high-quality automated systems and controls with the traditional merchant banking principles of teamwork, flexibility and professionalism. If you believe that you measure up to our standards, we would like to hear from you about two specific vacancies.

Internal Auditor

We would like to hear from experienced individuals with an auditing background in the merchant banking or securities industry. The requirement is for a mature person with sound technical skills and a good commercial appreciation of merchant/investment banking products and transactions. He or she will set up and run a full internal audit function reporting directly to the Chief Executive Officer in London and working closely with the internal audit department of our parent bank in Philadelphia.

The right condidate will take us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate making mill fair us at Managar land the appropriate mill fair us at Managar land the mill fair us a

The right candidate will join us at Manager level and the remuneration package will fully reflect the importance which a conservative but forward-looking institution attaches to the internal audit function in today's rapidly-changing financial markets.

Settlements Supervisor

We operate a fully integrated settlements department which has responsibility for the timely settlement and control of all transactions in securities (Eurobonds and foreign domestic issues), foreign exchange, money-market paper, swaps and futures. We are seeking a strong and effective deputy to the Manager of this important department. The successful candidate will take full responsibility in the Manager's absence and must therefore have successful experience not only of routine settlements procedures but also of trouble-shooting, investigations and the management of people.

Please contact:
Manfred W. Neie at
PHILADELPHIA NATIONAL LIMITED Philadelphia National House 3 Gracechurch Street, London EC3V 0AD Telephone: 01-623 8100

Corporate Banking pportunities **National**

The Co-operative Bank is implementing a strategy of business development through expansion in specialised areas of the finance sector. To facilitate this development the Bank is seeking to recruit staff with an in-depth knowledge of the Corporate Banking Sector.

We operate in a dynamic business sector using methods which will stimulate you and motivate you to exceed what should be already existing high personal performance standards. Furthermore, our ambition, determination and the considerable investment dedicated to expansion within the Corporate Sector, means we can offer excellent opportunities for personal development and career advancement in the foreseeable future

If you are a qualified ACIB, with practical experience of Corporate Advances and account administration at Clearing Bank appointed and managerial levels, in search of greater scope and challenge, we can ide the appartunities and the rewards that you are seek moving, ambitious organisation we are seeking staff with genuine expertise, drive and potential and the ability to perform at the highest level --in a highly competitive market.

If you possess these qualities and are seeking to develop your career in a stimulating dynamic environment, we can offer you a rewarding position with a salary/benefits package to match your aspirations in terms of status and expertise, together with <u>real</u> scope for development.

Interested applicants (male or female) should write with full details of career to date to: Mr. B. Jenkins, Personnel Manager,
The Co-operative Bank plc. P.O. Box 101, 1 Balloon Street, Manchester M60 4EP.

We are an equal opportunity employer.

THE CO-OPERATIVE BANK

Strategy Management Consultants

High achievers . . . Highly paid . . . Highly qualified ... Under Employed?

We are OC&C, a new firm of strategy management consultants. Our first nine months have been marked by continued success; we have built up a core of experienced consultants and have established an impressive client list of major UK and international companies. Our success is founded on a new approach to providing practical strategic advice: a unique ability to bridge the previous gap hitherto unfilled by our competitors, between strategy formulation and implementation. We have a very special portfolio of skills to offer our clients and we have, moreover, a very special breadth of career opportunity to offer our consultants.

Perhaps you could be one of them. The people were looking for will be aged between 25 and 30, probably MBA's, and certainly graduates of outstanding intellectual calibre. You will be creative and have strong

Currently you could be with another top strategy consulting firm, or you might be working for a major blue-chip company.

Wherever you are, you'll be on a fast career track and will have achieved an exceptional degree of personal success by any standards. Except, perhaps, your own.

If you're interested in exploring your full professional potential, as opposed merely to satisfying the expectations of others, we'd like to meet you. As an aggressive, top quality new company, we are looking for people to help us achieve our ambitious growth targets and to share directly in our success. We feel confident that we can match any remuneration package that people of your calibre could command elsewhere.

Write with full career details to Jim Grover, Manager, at the address below.

Outram Cullinan & Company Kings Buildings Smith Square London SW1P 3JG Tel: 01-834 7447.

UNIVERSITY OF WARWICK Lectureship in Marketing and Strategic Management

Applications are invited for a Lecturer to teach, research and publish in the field of Marketing and Strategic Management. The person appointed will be joining a strong, research-orientated group which includes Professor Peter Doyle and Professor Robin Wensley.

It is important that applicants should have the ability to pursue high quality research and encourage it in others. The appointment will be made either on the Lecturer Grade A scale (£8.735-£13,675) or the Lecturer Grade B scale (£14,245-

£18,210). The starting date is negotiable. Application forms and further particulars are available from the Registrar, University of Warwick, Coventry CV4 7AL (0203 523627), quoting Ref. No. 10/2A/87. The closing date for receipt of applications is 13 November 1987.

AN EQUAL OPPORTUNITIES EMPLOYER

European leader studbolts manufacturer for oil, Petrochemical, nuclear fields is seeking **English SALES MANAGER**

living in the UK, for developing sales of its production on the UK market. When replying please include

Remuneration according to professional experience and qualifications.

e write Box A0688. Fina

" curriculum vitae."

Street, London, EC4P 4BY.

Assistant

Company Secretary

Substantial growth from this publicly quoted insurance holding group has resulted in the need to strengthen the head office secretarial team. A large proportion of current business originates from major US corporations, but it is intended that future expansion will develop market opportunities in the UK and Europe.

Reporting to and assisting the Company Secretary/Group Accountant, the successful candidate will be responsible for a full range of secretarial duties and certain of the accounting functions and will be supported by a small well motivated team.

Applications are invited from Chartered Secretaries or other appropriately qualified persons who possess the necessary practical experience, together with good communication ability and inter-personal skills.

Interested candidates should send a comprehensive CV, details of current salary and day time telephone number to:

Walter Judd Limited (Ref. L881) la Bow Lane, London EC4M 9EJ

BIRMINGHAM

SENIOR SETTLEMENT STAFF

Salary and other generous benefits will dep Re-allocation expenses to successful applicants from outside the Birmingham area would Applications will be treated in the strictest of confidence and should be in writin

G. A. Harvey, Margetts and Addestree York House, 38 Great Charles Street, Birmingham B3 3HU

UK OR AUSTRALIA EQUITY SALES

This presently small expanding overseas-owned group seeks experienced independent equity institutional salesmen with a proven track record.

PAUL MORGAN (UK) LTD 1-3 Frederick's Place, London EC2R 8HX Phone: 01-638 8664

EXECUTIVE RECRUITERS **Experienced and Trainees**

We are a highly regarded global executive search firm (retainers only) with offices in London, New York, Hong Kong and Tokyo. The rapid expansion of our business in the major financial markets of the world has created the need for one experienced recruiter and two trainees in our London (City) office.

Candidates must possess a university degree (or some equivalent), a professional demeanour, exceptional communication skills (written and verbal) and a high energy level. Knowledge of the securities industry (shares or bonds) is highly desirable.

We offer excellent salaries, bonus incentives and generous benefits, as well as exciting long-term career opportunities.

Please reply with CV and/or letter in strictest confidence to:

Box AO685 Financial Times 10 Cannon Street, London EC4P 4BY

Our employees know of this advertisment.

CAPITAL MARKETS AND TREASURY

DC Gardner & Company, the world's leading specialist international banking consultancy is continuing to expand its Capital Market division with considerable success and in order to maintain this momentum is looking to appoint successful bankers in the following positions:

ASSISTANT DIRECTOR

This appointment involves identifying training needs in organisations, selling the solutions and developing and conducting training courses. We are particularly interested to hear from people with a Capital Markets and/or Treasury background.

A relevant professional qualification would be an advantage.

RESEARCH CONSULTANT
This position requires researching into different areas of financial services and assisting with the writing and design of course material. Both positions offer substantial opportunities and your success will

depend on your ability. An attrative remuneration package is available for the successful applicants. Please write in the first instance including a detailed Curriculum Vitae to:

Rodney Fetzer Divisional Director DC Gardner & Company Ltd 5-9 New Street London ECZM 4TP

DESEARING PROPERTY. ONDON AMSTERDAM SYDNEY

BANK LENDING MARKETING EXECUTIVE FOR BUSINESS DEVELOPMENT

Salary negotiable circa \$20,000 plus car, other benefits and bonus potential

Greyhound Guaranty Limited, a wholly owned subsidiary of The Greyhound Corporation is a London-based bank undertaking consumer finance and commercial lending in the property and business sectors. It is seeking to add to its marketing team an active and enthusiastic individual who will personally undertake new business development. The job requires good negotiating skills together with a sound general banking background, including credit

ssment experience. Applicants for this position should send details of their qualifications and experience indicating current salary to Ms. P. Taylor, Human Resource Manager, Greyhound Financial Services Limited. 11 Albermarle Street, London W1X 3HE,



3

EXECUTIVE RECRUITMENT CONSULTANTS

Finance • Marketing • Personnel • Information Technology

Package from \$30,000 + car

BIS Applied Systems - part of the worldwide BIS Group - is one of the UK's leading Information Systems Consultancies with offices in London, Birmingham, Manchester and

Our Executive Selection Division has an established 'blue-chip' client base and a proven record of success in recruiting senior executives in Information Technology.

But we're not content to rest on our laurels. That's why we're about to launch an expansion programme which will not only lead our business into new areas of growth, but will also continue to consolidate our core activity.

As one of the Senior Consultants in our London Office you will implement this programme by building a progressive business - in Finance, Marketing, Personnel, or Information Technology - through creative marketing and professional service.

Probably aged in your thirties, certainly graduate calibre, you should definitely have proven selection experience in one or more of these specialisms. The maturity and personal authority to operate at the most senior levels is essential, as are energy, enthusiasm and

We offer an attractive package reflecting ability and experience which will comprise a high basic salary and performance related bonus. We also provide a company car and relocation assistance where appropriate.

If you are keen to develop your career with a market leader please write with full C.V. to Michael Hordern, Manager, Executive Selection Division, BIS Applied Systems, 20 Upper Ground, London SEI 9PN or telephone for an application form on 01-633 0866 quoting ref. GF1516.

BIS Applied Systems

Executive Selection Division



CONSULTANCY · SYSTEMS DEVELOPMENT · TRAINING · PERSONNEL SERVICES

Head of Investor Relations

International Public Company wishes to appoint Head of Investor Relations to be responsible for:-

> Press and Public Relations Shareholder Relations Institutional and Broker Briefings Worldwide Planning

He or she will work in the Group's Head Office in London's West End

The successful candidate will have a proven track record in the above disciplines and currently earn in excess of £30,000 per annum. There will be appropriate fringe benefits plus share option scheme.

In total confidence CV or phone call or both to:-

Tim Odhams 42 Maiden Lane WC2E 7LI 01-836 2693



R

RIYAD BANK

Riyad Bank, a leading Arabian Bank, offers an outstanding opportunity to join an expanding team of experienced bankers in Saudi Arabia with the following new appointments:

RECRUITMENT PROJECT C US\$ 65,000 MANAGER

You will be a front line recruitment specialist familiar with modern techniques of selection and with a depth interviewing experience. Your initial task would be to develop and implement the system for recruitment of all categories of staff to the Bank. You will prepare appropriate literature for recruitment from Saudi schools and universities and from universities abroad.

Recent banking experience is essential for this position. Self motivated candidates with the tact, flexibility and adaptability to work in a multi-cultural environment needed.

CORPORATE OFFICERS C US\$ 55,000 You will be one of the several

officers in our growing Corporate Banking Units whose responsibilities will be to sustain, develop and solicit major customer relationship in assigned Regions of Saudi Arabia. You should have experience in credit analysis and Account Officer responsibility for delivery of wholesale banking services including trade and project finance.

A fully competitive package will be offered to the right candidates who should have at least five years' service with a major commercial banking institution and have exhibited adaptability and high levels of motivation in a competitive environment.

Candidates are invited to submit their applications, in strict confidence to:

The Assistant General Manager (Personnel) Riyad Bank, Head Office. P.O.Box 1047, Jeddah-21431, Sandi Arabia.

TRAINEE FINANCIAL ADVISOR

Two newly created positions have become available in a leading financial services

Only ambitious and career orientated people between ages 23-30 need apply.

No experience necessary as full training given.

For further details contact John Groszek on 01-493 8284

APPOINTMENTS ADVERTISING

£43 per single column centimetre Premium positions will be charged £52 per single column centimetre

For further information call 01-248 8000 Tessa Taylor ext 3351 Deirdre Venables ext 4177 Paul Maraviglia ext 4676 Elizabeth Rowan

ext 3456

EQUITY RESEARCH & SALES

As newly structured financial conglomerates compete for supremacy in expanding global markets; as stocks and equities are traded instantaneously on screens and money flows around the world faster than ever before, participants in these markets need to re-examine fundamentally their role in finance.

As one of the oldest and most reputable recruitment consultancies in the City Jonathan Wren has the experience, expertise and market contacts to be of valuable assistance in placing experienced individuals in appointments that ideally complement both career aspirations and financial expectations.

UK/EQUITY RESEARCH ANALYSTS

The requirements are as follows:- A minimum of one years experience in specialist sectoral equity research in either the UK or European markets, age range 24 to 34 years, innovatism, self motivation and the desire to be a leader in the

UK/CANADIAN/JAPANESE/EUROPEAN **EQUITY SALESMEN**

The requirements are as follows:- A minimum of one years experience in any of the above equity markets, together with an excellent understanding and appreciation of that market. The ability to communicate and sell investment ideas lucidly and effectively to institutions, the commitment to stand by ones own decisions and be a top performer within

Both opportunities offer excellent financial remuneration, career advancement and flexibility - a key work in this new world of financial dealing.

LONDON

Call or send written details to Ann Winder on 01-623 1266.

SYDNEY

Recruitment Consultants

No.1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266. Fax: 01-626 5258.

Venture Capital & Buyouts

the recruitment of two additional executives. It is likely that both these positions will be London based, but candidates for the manager post with relevant experience in the Midlands will definitely be of interest in respect of planned

Both roles will embrace all stages of the venture capital process, although the level of responsibility and autonomy will vary depending on the appointment made.

MANAGER

Candidates will have a professional qualification with a minimum of two years' relevant venture capital experience, and a proven ability to market successfully in this area.

ASSISTANT MANAGER

Candidates will be recently qualified graduate ACA's with a major accountancy firm who ideally will have had some exposure to the venture capital and fund raising process.

They will join a team that is small, entrepreneurial, and committed to growth, offering excellent promotional opportunities and a competitive remuneration package including banking benefits and for the manager, a fully

Interested applicants should contact Lindsay Sugden ACA on 01-404 5751 or write to Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality assured.

A member of Addison Consultancy Group PLC

CURRENCY OPTIONS TRADER

OR OPTIONS Our client, a major US bank, is expanding its presence within Currency Options and hence seeks experienced traders with at least two years' exposure to either exchange traded or OTC options in an active dealing room environment. Candidates should have run the house book, trading the volatility of the markets and be able to make an immediate contribution to the team.

SPOT/FORWARD FX DEALERS

This large, European Bank wishes to appoint further Spot and Forwird dealers on its Cable, Yen, SFc, and DEM desks. With a minimum of two years' active trading experience of Majors and perhaps some Currency Futures, applicants should be in their 20's and be capable of running the book/positions. The rewards offered are highly competitive.

FINANCIAL FUTURES & OPTIONS TRADER

A Desk Trader is required to rum the Futures and Options book for a major UK bank. Candidates should have an established name in the market and although knowledge of Options would be useful it is experience of trading Futures. that is paramount. Applicants will be expected to have a good academic background, well-developed analytical skills

and some exposure to Arbitrage Trading.

This position will appeal to young and ambitious team players.

If you are able to meet the above criteria, please contact Anthony Isern on 01-929 2383 or send a full CV. in strictest confidence to Reed City, Fourth Floor, No. 1 Royal Exchange Avenue, London EC3V 3LT.

Marketing Bank Services

c.£25,000 + Car + Mortgage subsidy

The HongkongBank, one of the world's leading International Banks, is looking to add to its team of Account Managers who market the Bank's extensive range of financial services to major corporate clients throughout the UK. Your responsibilities would cover market research, analysis of clients' businesses, and the servicing of customer requirements.

You should be aged about 30, ideally a graduate with AIB, and have previous corporate lending experience. Can you demonstrate the drive and initiative to develop successfully client relationships?

If so, please write with full career details or telephone:

Assistant Manager Personnel, The HongkongBank Group,

99 Bishopsgate, London EC2P 2LA.

HongkongBank (X) Tel: 01-638 2333, Ext. 2005. The Hongloon a



16

New Marketing Opportunities in International Banking

Sumitomo Bank is the third largest bank in the world. We were one of the first foreign banks to establish a presence in London and are now represented in 30 countries around the world.

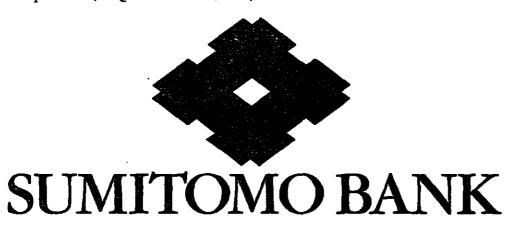
We are expanding and are seeking to strengthen our marketing capability in both the corporate and international banking groups and wish to recruit for our London Branch officers with marketing expertise in the following areas:-

> **AEROSPACE FINANCE PROPERTY FINANCE** TRADE FINANCE **SOVEREIGN RISK LENDING UK/EUROPEAN CORPORATES**

In addition for our Birmingham Representative Office we wish to recruit a Midlands based Marketing Officer with experience in

UK CORPORATE LENDING

We invite applications from ambitious, self-motivated bankers with previous experience within the relevant markets and an interest in developing their careers in a dynamic and growing organisation. Successful candidates will have a good academic background and be in the 25-35 age range, with the experience and maturity necessary for effective leadership. For each position we offer a competitive salary and normal banking benefits. To apply please write with full CV to Sheila Cork, Personnel Manager, Sumitomo Bank Ltd, Temple Court, 11 Queen Victoria Street, London EC4V 4TA.



Outstanding opportunities in ...

INTERNATIONAL BANKING

SOVEREIGN LENDING to £35,000

This opportunity will appeal to an experienced Lending Officer, aged in his/her 30s, who has particular expertise in lending to governments and state organisations. As the role will involve lending to Fastern bloc countries, any Eastern bloc countries, any previous concentration in that area would be ideal. The appointee will be joining a major international commercial bank, whose balance sheet is amongst the strongest of all global financial institutions and whose London Branch is currently in a dynamic growth phase.

Contact: Joanna Davies

CORPORATE **BANKING** to £30,000

This represents an excellent opportunity to develop your career within a leading European bank. As a member of this professional marketing team, your first responsibility will be the targeting and expansion of the UK and European corporate base. You will be working on a sophisticated will be working on a sophisticated range of banking products from acquisition financing through to syndication and asset sales. Ideally a graduate with a formal credit training and a proven track record in business development, you will be looking for greater scope in personal and financial development.

Contact: Anita Harris

PROPERTY FINANCE MANAGER to £30,000

Our client is an established European bank whose property lending activities account for an important part of its reputation in the market place. As Manager you the market place. As Manager you will be responsible for developing new contacts as well as maintaining an already substantial client base. You will also be involved in evaluating property based credit and presenting to Credit Committee. Key requirements will include self motivation and the ability to generate business with the generate business with the maximum independence. You will need to have gained property related lending experience. Contact Loretta Quigley

In the first instance please telephone 01-606 1706 or write to Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists

Anderson, Squires

Mortgage Manager

c £25,000 + car + benefits

The further development of Mortgage Express as a The successful candidate will have a proven record in prominent lender of mortgage funds has identified a mortgage lending environment with senior underthe need to strengthen the management team. An writing mandate authority and will have first class additional Mortgage Manager is sought, who will help develop credit management and customer service in the quality residential lending market.

Reporting directly to the Management Board, duties member of the TSB Group. will include leading and motivating a professional team of underwriters and administrators who vet. approve and administer mortgage applications from respected intermediary sources: the authorisation of loan advances; liaison with the legal Personnel Controller United Dominions Trust and survey professions and the management of and amount of the management of and amount of the company is related underwriting activities.

managerial, organisational and interpersonal skills. This appointment offers the challenge and rewards to meet the discerning applicants career aspirations within this dynamic company, which is a

Benefits include a cash mortgage subsidy. non-contributory pension scheme, 5 weeks annual leave, and profit-share scheme. Pursue your career by sending your CV now to C. J. Brennan, Ltd., Endeavour House, I Lyonsdown Road,

SEQUENCE NO. New Barnet, Herts., EN5 1HU, tel:01-440 8282.

MAJOR INTERNATIONAL FINANCE CORPORATION **BUSINESS SYSTEMS ANALYST**

- ASSET BASED FINANCE
- TOTAL SYSTEMS SOLUTIONS
- SALARY C. £30K + BENEFITS

An innovative Business Systems Analyst who can provide direction and produce tangible results is needed to strengthen our client's central team responsible for Information Technology throughout Europe.

An in-depth understanding of their business is essential as is the ability to manage the involvement of disparate user groups on common projects. Whilst the role covers all aspects of systems development from business and technical analysis, systems design, systems building using 4GL tools, through to implementation, the major emphasis is on the initial analysis and ensuring that the

A sound knowledge of the accounting aspects of commercial lending and a breadth of experience of Organisation and Methods. or structured systems analysis, are prerequisites. A demonstrable track record of delivering results in a fast moving environment is also required. Fluency in French and/or German would be a

If interested, please respond quickly by calling Anne Gilbert on (01) 629 8070, or alternatively by sending a detailed curriculum vitae to her quoting Ref. L255, at Slade Consulting Group (UK) Limited, Metro House, 58 St James's Street, London SWIA ILD. All applications will be treated in

PRODUCT DEVELOPMENT IN PERSONAL FINANCIAL SERVICES

SENIOR PRODUCT MANAGER £33,000 NEG

Our client, a major UK and International bank is making a heavy commitment both in terms of manpower and financial resources to the expanding Personal Financial Services market. Due to this, they can now offer an outstanding career opportunity for an ambitious and innovative Manager.

The purpose of this job is to identify appropriate packaged products for sale through volume market channels and to manage new product initiatives from origination through to implementation.

The incumbent will have detailed experience of:-Life linked protection and investment products

Unit Trusts The legal considerations relating to design and

launch of new products Financial modelling and planning techniques

The successful candidate will be a graduate and is likely to have a professional qualification, plus five years experience in a related area. You will possess the necessary management skills to motivate a team of six people and set long-term goals. A high level of credibility with senior management and excellent presentation skills are also essential.

A package commensurate with this level of seniority will include: company car, six weeks holiday: mortgage subsidy, performance related bonus, plus other attractive benefits.

Interested candidates should in the first instance send a full CV to Mike Blundell-Jones at Portman Recruitment Services. 13/14 Great St. Thomas Apostle, London EC4V 2BB.

Mergers & Acquisitions

Manager/Assistant Director c. £40-60.000 + bens.

Our client, a leading U.S. investment bank, has a highly successful record for international M&A deals. They wish to recruit two experienced corporate financiers to join their expanding U.K. team. Candidates should have a minimum of three years' relevant experience with a leading merchant bank, first class academic and professional backgrounds, and be looking for greater autonomy and challenge.

Contact: Lindsay Sugden ACA

Executives £25-35,000 + bens.

Our client, a significant international institution, has a rapidly developing M&A group involved in a range of exciting projects. Due to further expansion plans, vacancies exist for young Accountants and Solicitors with excellent academic and professional qualifications backed up by strong personalities. Relevant experience is a definite plus. Rewards are good, prospects excellent and bonuses high.

Contact: Mark Hartshorne

Interested applicants should write to us at Michael Page City, 39-41 Parker Street, London WC2B 5LH, or telephone us on 01-404 5751.

> Michael Page City International Recruitment Consultants

A member of Addison Consultancy Group PLC

JAMES CAPEL & CO.

CORPORATE FINANCE

We wish to appoint a graduate in their mid-twenties to join our Corporate Finance Departme to work on special projects. He/ she should have a mathematical ckground and some familiarity with computer modelling techniques. Experience of the property market would be useful. Please apply in writing to Alison

> James Capel & Co. James Capel House, 6 Bevis Marks, London, EC3A 7JQ.

ABUSTRIAL PROPERTY

AN INTERNATIONAL BANK

Invites applications for the post of Managers for its branches in the U.K. These branches undertake all kinds of banking business and are a part of the Bank's network of UK

QUALIFICATIONS:

Minimum " O " Level with 2 " B's " in Economics, Law, Accountancy or other related subjects or equivalent courses.

EXPERIENCE:

About ten years, of which at least three must be at a level of an Officer in the areas of Documentary Credits. Loans and Advances or Foreign Exchange. Experience as Sub-Manager/Manager of a small/medium size branch of a bank preferred.

Between 40/50 relaxable in exceptional cases.

EMOLUMENTS:

Around £14/15,000 but negotiable, plus Large Town Allowance/City Allowance where applicable with good prospects of promotion depending on performance and availability of

OTHER BENEFITS:

Candidates selected and working as Managers will be provided with furnished residence. Transfers: The Officers are transferable at the sole discretion of the Bank from one place to another in the U.K. as per rules.

Applications with full particulars must reach P.O. Box A0699, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Six months ago



A service which challenged the banks on their own home ground.

Today, two new positions in CLEARING and CREDIT are witness to its phenomenal success.

The merger of Nationwide and Anglia, September 1st, created an exciting new force in financial services. A force with a determined policy to offer the widest range of facilities. A policy which has already been borne out by the huge success of

FlexAccount, our current account service. Launched in May this year it has already given us a distinct competitive advantage and on the strength of this success we are

now concentrating on its long-term development.

Simultaneously, we're strengthening the senior management structure of our Swindon-based Money Transmission Department by creating two exception opportunities for experienced and selfmotivated managers. Rare chances to play a highly visible role in this genuine "greenfield" development.

MANAGER -**CLEARING OPERATIONS**

c\$24,000 pa + Company car. In this important position you will be managing the Society's money dission operations. Cheque and Credit Clearing, Credit Control Management, Standing Order/Direct Debit Systems and branch office liaison form the major part of your brief, other sibilities include the legal aspects of the service – ensuring the operation conforms to the statutory regulatory

To qualify you'll need several years' experience of the clearing operations of a major bank or other financial organisation offering money transmission services. **Experience of Credit Card operations** would also be very useful. Aged probably in your 30's you will be used to a high pressure environment and have strongly developed man-management skills in order to control and motivate a growing team of over 100

The attractions of both challenges are matched by an excellent package of rewards which includes a company car and other valuable benefits – including relocation assistance and low interest
mortgage facilities after a qualifying period.

Closing date for receipt of applications is 4th November 1987. We are an equal Please write with a detailed cv including

CREDIT MANAGER

c\$20,000 + Company car Reporting to the Manager - Clearing Operations, you'll play a major role in shaping the Society's Credit Policy – developing and implementing systems for

With several years at a senior level ithin an unsecured lending operation, ideally a bank, you will demonstrate a full knowledge of credit analysis, lending operations and their legal requires particular interest would be first hand experience of dealing with detailed credit sesaments and the setting up of suputerised Credit Scoring Systems

Good interpersonal and negotiation skills are essential in liaising with Credit Scoring Companies, internal Legal & Audit Departments and in the motivation and development of the 35 staff in the

Personnel Administration Manager Nationwide Anglia Building Society, Principal Office, Chesterfield House, Bloomsbury Way, London WC1V 6PW.

opportunities employet



Nationwide Anglia Building Society.

Financial Futures Sales and Trading

£ Negotiable

Our client, the London branch of a major banking and securities group, seeks to further expand its activities with the recruitment of an experienced Dealer and also a Salesperson. Candidates are likely to be graduates in their mid-oventies, and will have already gained 2/3 years' relevant experience with a leading institution.

These openings offer the opportunity to join a highly professional team, with excellent career prospects for the right

Interested applicants should contact Stephen Cussens on 01-404 5751, or write to him, in strictest confidence, at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

International Recruitment Consultants A member of Addison Consultancy Group PLC

This high quality commercial bank, with established global representation, has a reputation for innovative financing gained over many years successful operation in the international markets. The Bank seeks to strengthen its position through recruitment in two areas:

Project Finance

Candidana should be graduates with several years relevant experience in an active department of a reputable organisation. They should be familiar with financial modelling and have a thorough understanding of cash-flow based products and services. Experience of specialist client-tailored financing would be a distinct advantage. Analytical ability nicative talents are a must.

Syndication

es for this high profile role should be graduates with a solid understanding of syndicated credit transactions gained with a competitive banking house. Analytical, marketing and syndicated facilities experience are important. Applicants should have the strong personality, interpersonal skills, ambition and confidence necessary to negotiate business at the higher levels.

Interested applicants should contact Mark Hartshorne on 01-404 5751, or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

International Recruitment Consult A member of Addison Consultancy Group PLC Merchant Banking

S. G. Warburg & Co. Ltd.

Corporate Finance

We are seeking executives with the potential to make a significant contribution to our expanding domestic and international corporate finance business.

Successful candidates will ideally be qualified accountants and aged between 25 and 30.

Applications, enclosing a curriculum vitae, which will be treated in strict confidence, should be sent to:

> G.E.J. Wood, Director, Group Personnel S. G. WARBURG GROUP plc 1 Finsbury Avenue, London EC2M 2PA

APPOINTMENTS **ADVERTISING**

£43 per single column centimetre

Premium positions will be charged £52 per single column centimetre

For further details call:

01-248 8000 Tessa Taylor ext 3351

Deirdre Venables ext 4177

Paul Maraviglia ext 4676 Elizabeth Rowan

ext 3456

Strategy Consulting **Energy Industry**

c£35,000 + Car Candidates should have developed the degree of maturity and poise that will be necessary to interact maturity and poise that will be necessary to micraci with managers at all levels.

For the exceptional individuals chosen our client offers the exceptional individuals chosen our client offers the exceptional individuals chosen our client and lasting choses, and the appeal of a professional work commitment that encourage individual

Our client is one of the foreignst international strategy consulting firms, set subjects to the oil, gas, electric utility and other energy basinesses. They are seeking outstanding individuals aged between 27 and 30, who have developed specific knowledge and expertise within the energy aschaety in combination with a broader understanding of bettiness issues.

Successful candidates will seek in aspaulting trams, responsible for developing responses and implementation more than a responsible for developing responses and implementation more than an excellent as and organizations used as the state with highly delethood analytical states and well take an excellent as afternoon and their at least years working associations are supported as a subject of the state of th

week convenient that encourage individual growth and latinute.

Limitians will be haved in Lordon but should expect substantial macrost of internacional travel.

If yet are latinessed in this acceptional opportunity please and a daytime of substantial wine and a daytime of special growth year consider growthing ref. 450 to Paul Machidantic ACA, Executive Division at 19-41 Partner Street, London WCZB 5LH.

Michael Page Partnership
International Registrates Consultants

A member of Addison Constitute y Group PLC

UK Fund Management City c£30,000 + Benefits

The investment management arm of this major UK merchant bank, requires an additional fund manager to strengthen their established UK team.

Ideally, candidates will be graduates who have had experience in research followed by at least two years' managing money in the UK equity market. Personal qualities are equally as important, and the ability to work within a team of specialists is essential.

This is an exciting opportunity to join a powerful fund management organisation which continues to increase its presence in today's competitive market.

For further information please contact Nick Root or Charles Ritchie on 01-404 5751, or write to them at The Investment Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH. Confidentiality assured.

> Michael Page City International Recruitment Consultant A member of Addison Consultancy Group PLC

Securities Markets

GERMAN EQUITY SALES

We act for one of the leading international Securities Houses with an established place in the London Market. They are presently undergoing a period of great expansion in their international Equity operations and require additional senior specialists in several key areas. Of particular interest is an experienced German Equity selesman who may well have spent part of his career working on one of the main German Exchanges. The successful candidate will be able to show an impressive track record with a respected organisation and the energy to contribute to a young and ambitious tearn. In return, a highly negotiable salary package is available with the usual banking benefits.

CONVERTIBLES AND WARRANTS SALES

The same client has a requirement for two outstanding Conventibles and Warrant sales people. If you can claim to have established a name in a broad range of both of these products and would be able to assist in the development of a major underwriting facility, our client would be happy to offer very substantial remuneration.

These appointments are at a senior level and the chosen candidates will be in position to influence the direction of the organisation. For a confidential discussion of these positions, please call Simon Harrison on 01-481 3188.

LME OPTIONS DEALER

Our client, a major US investment House wishes to appoint an experienced LME Options Dealer. If you have in depth option trading experience on this market and are capable of numing a large options book and servicing major institutional and corporate clients we will be interested to hear from you.

For the right candidate the salary package on offer should not be an obstacle. To discuss this position, please call John Benson on 01-481 3188.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY Telegrams: Finantimo, London PS4, Telex: 8954871 Telephone: 01-248 8000

Wednesday October 21

The policy response

ceded the decline; the overhang of deadweight sovereign debt; the threat of a major increase in protection in the United States; and, more seriously, the inability of the principal economic powers to follow policies conducive to international economic stability.

crash of 1929 was not the stock the need, in present circum-market decline itself, but the stances, to avoid any difficulty policy failures that were its af-with third world debt. termath. Now, too, it is not the decline in the stock markets that matters, but the response of the authorities.

The decline in stock prices would tend to have three economic effects: first, a sharp reduction in financial wealth and, correspondingly, a likely reduction in consumption expenditure; second, a similar deflationary effect on investment, because of the increased cost of equity finance; and third, some insolvencies among those en-gaged in financial markets. These adverse effects would, however, all be mitigated by the recovery in bond markets, if that is sustained.

External deficit

Stock markets are giddy creatures. They may promptly recover to the levels from which they have fallen. Failing such a volte face, however, dellation has become a greater risk and infla-tion a correspondingly smaller one than even a few days ago. This, in turn, means that restrictive policy, especially restric-tive monetary policy, is less appropriate. The recommendation of a relatively easy monetary policy is reinforced by Bageboncy is remored by bage-hot's classic advice that central banks must supply liquidity in the event of a flight from illiq-uid assets.

More important still, the eco-nomic justification for what has happened lies in a lack of confi-dence in the ability of the major countries to pursue policies that are collectively rational. In particular, it has become in-creasingly doubtful whether a reduction in the unsustainable US current account deficit can be achieved without a sharp reof interest aimed at avoiding so far has largely been talked devaluation.

ure to adjust the US external October 1929.

AFTER THE fall of 22.6 per cent in the Dow Jones index on Monday, the crash of 1929 inevitably probably in both the US and the comes to mind. There are paral-lels too: the euphoria that pre-ly, which would be still worse. What the authorities must do is to prove these fears unfound-

The policy requirements of co-ordinated adjustment are already known, but the need is still greater. Also greater are the risks of recession. The suric stability.

The key difference is that serious damage can still be avoided.

What mattered about the was a still be the case for keeping interest rates low is made stronger by

> On the fiscal side, a credible announcement of compensating adjustments in the US, Japan and West Germany would do much to convince the markets that the required adjustment will take place smoothly.

With the greater likelihood of recession in the US and the reduced desirability of a rise in interest rates, the balance of argument now moves in favour of a managed decline in the dol-lar. The level should be set where a satisfactory current account adjustment is far more probable than at present and private willingness to support the dollar correspondingly greater.

Provided such an adjustment in the dollar is seen to be controlled, rather than another outcome of uncontrollable market forces, confidence should not be further damaged. At least, confidence should not be any more damaged than by continu-ation of the previous pretence that exchange rates agreed at the time of the Louvre Accord were still appropriate.

Confidence in the dollar

could be strengthened still more by willingness of the US to borrow in foreign exchange. However politically painful. this would do no more than recognise that a country which pursues the fiscal policies of the US cannot hope to sustain confidence in the value of its currency in the long term.

Finally, Congress too has a role. It should scrap almost all of the omnibus trade bill and give the Administration the ne-gotiating authority it requires cession. Such a recession might to conduct the Uruguay Round be triggered either by an increase in inflation following tions to a successful conclusion.

The authorities must now face. natively, by sharp rises in rates up to the challenge to do what

about. What is not known is how In short, with the run of bad the challenge will be met. That, US current account results the in turn, will decide whether hismarkets have become aware torians end up by discussing Octhat the prospect is either a fail-tober 1987 in the same way as

With stock markets in chaos. Anatole Kaletsky analyses psychological causes and economic effects

Nightmares past and present

US stock market fell 26 per cent in two days and then rebounded 12 per cent during the next day's trading. When Wall Street yesterday gained 200 points, or 11.7 per cent, within the first hour, history seemed to be repeating itself with a line sense of dramatic irony. Just as computer technology had managed puter technology had managed to squeeze two days of 1929-style horror into a single session of carnage on Monday, the electronic sell programmes were hard at work on Tuesday. generating an exaggerated sense of relief which felt as fragile as the jubilation on Oc-tober 30, 1929. As the market fell back rapid-

ly to settle with a gain of less than 50 points by lunchtime, the parallels with 1929 seemed to be growing more, rather than less ominous by the hour. Of course, the chances of another Great Depression seemed negli-gible, as underlined by the promise of virtually unlimited monetary support issued yester-day morning by the Federal Re-serve Board. But if a five point gain in the bond market, a percentage point cut in long-term interest rates and a soaring dollar would not suffice to under-pin a powerful market rebound, what more could investors ex-

Effectively the same question was posed rhetorically on Mon-day night by every soothing commentator from President Ronald Reagan down: What had suddenly changed in the out-look for the US or world economies to justify a 36 per cent col-lapse in stock prices over eight

The answer, clearly, was nothing There were, of course, the usual stubborn problems - the US trade deficit, the dollar and interest rates and the Iran-Iraq war. But nobody could argue that prospects on any of these issues had suddenly and catatrophically deteriorated. In strophically deteriorated. Unfortunately, however, the absence of a clear-cut economic explanation of the market collapse does not imply that it will prove a temporary aberration. For this is where a most important actor in the recent market drama, a character known as

drama, a character known as the Bigger Fool, comes in - or, more precisely, vanishes.

To anybody who has observed, or personally enjoyed, the great financial joy ride known around the world as the Bull Market of a Lifetime, the Bigger Fool is a familiar and, until recently, a much beloved sprite. He was, in fact, the genie who kept the roller-coaster racing ever-upwards. However ing ever-upwards. However high the markets climbed, however out of touch they got with corporate earnings, however corporate earnings, however bad the economic and political news, there was never any reason to fear. When all the problems came home to roost the Bigger Fool would be there, obligingly buying up every over-valued share dumped on this but he chard invested.

him by the shrewd investor.

Some of the experts expected this friendly spirit to arrive in the kimono of a Japanese housewife, others foresaw the more familiar guise of a dentist from Brussels or a vet from Des Moines. But all seemed to agree that when the crash finally drew near, the Bigger Fool The-ory would come smoothly into play, allowing canny profession-al traders quickly to take their

profits and painlessly bail out before damage was done That, at least, was the consen-sus view on Wall Street when the Dow Jones Industrial Averthis summer, then the question which needs to be raised about the crash is the obverse of the one put by President Reagan. The point is not to rationalise age closed at 2,722.42 on August 25. Today the Dow is nearly 40 the stockmarket collapse, but to see how much was "rational"

per cent lower. The main rea-son is that August 25 was also the day when the Bigger Fool vanished without trace. When

the market turned modestly

downward in the days following

that peak in August, it gradually became apparent that there was nobody much interested in buy-

ing the institutions' unwanted or "temporarily overvalued"

Far from being more ready than the major investment insti-

tutions to bank on never-ending

growth in stock prices, the hap-less Japanese and the naive re-tail investors turned out to be at

least as cautious as sophisticated fund managers. From early last summer, they wanted no part of a market whose only

driving force appeared to be its

own momentum.

The absence of the Bigger Fool became unmistakably obvious on Monday morning, when

two thirds of the 30 stocks in the Dow Jones Industrial Average

were still not trading more than an hour after the New York Stock Exchange's official open-ing. There were millions of sell-

This nightmarish experience

of total illiquidity in what were

like IBM and General Motors -was what created the psycholog-

ical conditions for the panic selling which followed. Now if the Bigger Fool Theory

- or to describe it more elegant-ly, a state of complacency in

which investors felt reassured by their own vigilant fears of an

ers and no buyers.

stock

Dow Jones Industrials

about the preceding upswing.
There are two broad ways of answering this question: in terms of fundamental economic forces and of the market's own historic trends and cycles.

The bullish view of US and

32 33

world economic prospects is fa-miliar and reasonably convincing, especially in the short-term. Growth appears to be accelerating, but not so rapbe accelerating, but not so rapidly as to raise serious dangers of inflation, and corporate profits are rising by about 17 per cent this year, with equal gains expected in 1988. The US manufacturing sector, in particular, is recovering rapidly because of the devalued dollar, and much of the prospective US economic growth is likely to come from higher exports. higher exports.

nigher exports.

To set against these favourable short-term prospects, there are the well-known longerrange dilemmas: the dollar and the trade deficit, the stalemate on the budget and the dilemmas of monetary policy with a new chairman at the Federal Re-

Now, it is arguable that two of fears that the stock market these three problems - the trade balance and the dilemma of sion well before the mid-1989 monetary policy - have sharpened in the last two months. The trade figures last week proved

There are two reasons for fears that the stock market crash could precipitate a recession well before the mid-1989 deadline which most forecasters now agree on.

The rapid growth of the US universally regarded as the most readily traded corporate trade figures last week proved securities in the world - the common shares of companies the threats from Mr James Baker, the US Treasury Secretary, over the weekend about devaluing the dollar certainly rattled international investors. Meanwhile, the past two months of financial chaos have certainly not enhanced investors' faith in Mr Alan Greenspan's talents as a monetary fine tuner. But none of these developments seem anything like significant enough impending crash - was really a of these developments seem major force driving the markets anything like significant enough

There is another, much darker, cloud that could soon appear on the macroeconomic horizon, but that will depend partly on whether the bull market really has expired.
The stockmarket has always

1982

been considered one of the best leading indicators of turning points in the economy and if the market now enters a sustained downtrend, previous experi-ence would suggest that a reces-sion may not be far ahead. In each of the 10 US economic cycles since 1929, the stockmar-

ket peak has been followed, an average of six months later, by a recession. In no case has the lag between a market turning point and a recession exceeded 13 months. If a recession did take hold in the foreseeable future, the US budget deficit would probably soar out of control and the dollar would be all too like-ly to collapse as the Fed tried to support the economy with lower interest rates.

Indeed, if the stock market were looking for a disaster to happen, an early recession would seem to fit the bill much better than the inflationary over-heating which seems to have dominated the brokers' circulars.

There are two reasons for

willingness by the American public to spend practically all its income, devoting a much lower proportion to savings than at any time since the aftermath of the Second World War. The stock market boom has fourfold from 1982 to the peak in August, it was hardly surpris-ing that Americans felt less impelled than usual to save. But now that 36 per cent of the value of their equity savings has been wiped out, US citizens could well return to somewhat thrifti-

87

4000

1000

Dow Jones

Industrials

85

86

er habits. The deflationary im-pact of such a change in con-sumer behaviour could be A second powerful deflation-ary force could be unleashed on the corporate sector. Many American companies have become extremely highly lever-aged as a result of the mania for mergers, stock buybacks and corporate restructurings, which has itself made a major contribution to the bull market. The backing for the ever-growing borrowing has been the rising market value of the corpora-

tions' equity.

An extended bear market could lead to insolvencies among the many over-borrowed companies which have been planning to sell off overvalued assets to service their debts. But all such economic analy-sis leaves the biggest question

unanswered: why assume that this is the start of a bear market? With the Dow back to the 1700 level it last saw in March 1986, perhaps the groundwork is being laid for another glorious rally. Or is the market likelier to fall towards the low of 1087 it hit in July 1984, or even the 776 trough from which the current bull market started in August, 1989? History offers some clues. economy since 1982 has largely 1982? History offers some clues. even if the present collapse been a function of a mysterious First there is the valuation of does turn into a prolonged bear

shares relative to dividends and earnings. Every time that the dividend yield on the Dow Jones Industrial Average has dropped below 3 per cent, a bear market has followed. On August 25, the yield on the Dow was 2.59 per cent. The last time maker it dropped anywhere near this mistak level, to 3.07 per cent, was at the top of the go-go market of 1973. Fools.

The price-earnings ratio on the Standard & Poors 500 Index tells the same story. This figure was 23, hased on current eara-ings, on August 25. The last time it traded above 16 before the latest market cycle was at the peak of the 1973 bull market. Apart from the late 1920s, the price-earnings ratio had never before risen as high as 24.

Corporate earnings are expected to grow 15 to 20 per cent next year, assuming no recession. But sooner or later a recession will bit and earnings will not go on rising forever. Thus, even valuing companies on the basis of sustainable prospective earnings never seemed likely, at the market's August peak to reduce price-earnings ratios to traditionally accept-able levels. Why then did the market go on bidding prices ev-

At this point our friend the Bigger Fool makes an appear-ance, in his Japanese disguise. The Tokyo market values companies at anything up to 100 times their annual earnings, so why not assume that the Japanese will do the buying if US in vestors lose their nerve, the bulls persistently argued?

The Bigger Fool Theory also came in handy in dealing with the other historical objection tothe market's unstoppable climb. After the events of the last few days, even the staidest commen-tators are talking about the resemblances between events this autumn and the crash of 1929. Strangely, however, the most outspoken bulls were never shy of bringing this comparison to investors' attention. They always thought a 1929-style dehacie was likely. They simply argued that 1929 would happen in 1988, 1989 or even 1990; there would be plenty of time to take would be plenty of time to take profits and leave the losses to the Bigger Fool when the crash

In the event, it looks like 1929 has happened. At the end of Monday's debacle, the Dow was off 36.1 per cent from its peak of August 25, 55 days earlier. After October 29, the worst day of the 1929 collapse, the index was down 39.6 per cent from the re-cord it had set 56 days earlier on September 3. Admittedly the bull market of the 1920s had been even longer and steeper than that of the 1980s. From August 1921 to October 1929, the Dow gained 495 per cent, against the 250 per cent it added in the five years from August 1982 to October this year.

But if this is a reason for pre-dicting another huge surge in dicting another huge surge in the bull market, with a target of 3,000 or even higher for the Dow, there is another, far more important, side to the 1929 parallel. From its peak of 381.17 in September 1929, the Dow fell to a low of 41.2 three years later and the market did not regain its 1929 level for 25 years.

Of rowrse, the exception are

market. And there will certainly be investors looking to buy shares at present 'bargain' levels in the hope of a final 1929-style euphoric upswing. The bulls are almost certainly right to argue that economic policy-makers have learnt from the mistakes of the 1930s. But then, so have the potential Bigger

A phased plan for electricity

raise important questions about the British Government's ambitious timetable for privatisa-tion, and particularly its plans could hardly be devised in the to sell off the electricity supply timetable set by ministers, industry during this Parlia-

ment. A pause for thought could be salutary, for the euphoria of a rising market seems to have driven the Government towards ever larger share offerings, with scant regard for the structural impact on the major public utilities being sold.
The Cabinet's decision, after

the last election, that electricity should be sold off in less than five years has almost ensured that ministers and their offi-cials would be hustled into a compromise solution. Energy ministers have said

place of the present state mo-nopolies. They have recognised that privatising electricity whole like British Gas or Brit-ish Telecom would require ish Telecom would require much more detailed regulation than they would like.

Power stations

The alternative, as numerous studies have suggested, is to introduce competition into the generating side of the industry. Then the costs of building and operating power stations could be kept in check, partly by the direct effects of competition. but also by the greater openness and transparency of the

system. However, as a study published today by the Centre for Policy studies points out, any move to break up such a vast industry after 40 years as a state monopoly requires great caution. Power stations and the national grid have a high degree of interdependence; on imbalance could lead to cascading power cuts, or at the least significant inefficiencies of the system.

This does not mean that the Central Electricity Generating Board's arguments against being split up must be accepted; but they must be considered

carefully. As the authors of the CPS paper say, a workable scheme for breaking up the board into perhaps four or five timetable set by ministers, which requires decisions to be reached in the next few months A break-up of the board would require detailed technical and financial analysis with maximum co-operation from staff and wide consultations with industry and the public, perhaps over several years.

Regional companies A compromise, suggested by the CPS paper, and being con-sidered by ministers in a slightly different form, would be to do the job in two stages. The CPS Energy ministers have said that they would like to introduce as much competition as possible into the industry in present 12 area boards. These present 12 area boards. These distribution companies would jointly own the present CEGB but only with a nominal amount of equity. The board would be financed almost entirely by debt owed to the Treasury. At a later stage these distribution companies would sell off groups of power stations into competof power stations into competing companies, perhaps leaving the nuclear reactors under joint or state control. This scheme has the great merit that it would allow competition to evolve over several years, while allowing some of the best co-opera-tive aspects of the industry, like the 'merit order' system for op-erating power stations, to be preserved. The main objection to a phased break-up is that it would be very complicated. Many of the complications could have been minimised if the Government had started serious preparations for restructuring the industry five years

ago. The fact that this time was wasted is no excuse for being driven into a second rate compromise now. The benefits of introducing competition into the industry could be considerable, but there are many technical problems to be solved and the penalties of an ill-considered scheme could be even greater.

sand copies, and there were millions of new investors. Sharp's final chapter, pointing out that the markets had been rising all over the world since 1981, gave a warning that

You have to hand it to the Japa-nese. They strive to be ahead

even when the matter in hand is a financial Armageddon. The Economist available in London before last weekend was carrying a full page advertisement in massive type Fujitsu is pleased to announce

Early warning

from the East

the end of the world . . ."
In Singapore, it was decided that a seminar entitled 'How to stay a winner in the stock market due to be held next Saturday will still go ahead. But the event was re-advertised under the title: "Stock market crashes: what should you do?"

In Sydney the situation was succinctly summed up by the emergence of stockbroker, Rene Rivkin, on the trading floor. Fingering his gold worry beads, he declared: "It's an ab-solute shambles."

Trading took place in an ex-plosive atmosphere in Tel Aviv where an investor threatened to blow up the stock exchange af-ter officials refused to halt fran-

tic dealing.
In Cairo,the oldest stock market in the Middle East traded normally with dealers apparently oblivious to the worldwide chaos. In the dealing room a dozen brokers sat in comfortable chairs, quietly doing their average 10-25 trades of the day. Our stockmarket is unique Companies in Egypt are not listed anywhere else in the world, said a broker, Nassef

Storm forecast There were lots more people

around yesterday to say: I told

you so." City journalist, Keith Sharp, for instance, published a book last July, entitled, Tell Sid To Watch It, which, in its 150 pages, repeatedly warned newcomers to the stock exchange of

the risks involved.
"Unfortunately," said Sharp,
"the book only sold a few thousand copies, and there were mil-

Men and Matters

"there is no such thing as a riskthere is no such thing as a rise-free investment. The danger was, he added, that when the fall came, "Sid will be trampled in the rush for the exits."

Last Saturday, W.B.Fox, a 75-year-old retired bank clerk who won second place in BBC Radio 4's unit trust competition, was gloomily predicting at the cele-bratory lunch a worldwide slump any day now. Those remarks, alas, were not broadcast, nor the part of a recorded inter-

view in which he recalled the 1929 crash.
Just like the Met Office's muted storm forecast some 48 hours earlier, Fox's warnings on the air were reduced to his opinion that, 'all the world's stock markets are far too high."

闡



er have the free wine glass

But pockets of optimism survived until a remarkably late hour. The latest report on the Hong Kong stock market from Monday morning was head lined: Buy: Buy More: Increase Weighting: Fill Your Boots:

Weighting: Fin Your Boots:
Buy."
Senior economist, Christopher Chong, had said he viewed the past week "with equanimity" and saw no reason to panic. He added: If anything, more signs of a major surge are now in

BP selling well

BP may not be happy about its hare price but, surely, there is no need to flog the family silver

I see BP Oil has ordered a see of the sale by tender of brand-new stocks, including heating and ventilation equipment, air conditioning units, light fittings, carpets and wall and floor tiles, wall coverings, and high quality office furniture.

Looks like BP managemen will find itself on the floor. One of the few companies swimming against the fast-eb-bing tide - and keeping its head above water, it seemed yesterday - was Blyth Software, a com-puter software outfit based in Saxmundham, Suffolk, which was iloated on Nasdaq in New

Was thosted on Nasdaq in New York on Friday.

The issue of 1m shares at \$7 was oversubscribed by some 10 per cent. Yesterday, they were still trading at their opening price of \$7.25.

Window-gazers

It takes courage to stand up in front of 500 people and talk about how to interest risk-shy Germans in buying shares at a time when world stock markets are plummetting.

Yet Jochen Neynaber, general manager of Schroeder Muenchmeyer Hengst, a Frank-

From the point of view of timing, the forum - a Euromoney conference in Frankfurt - could hardly have been better placed. On hand to hold forth about world capital markets were the Bundesbank president, Karl Otto Poehl, and a host of international bankers.

Not surprisingly, there were a few jokes about windows. Sir Patrick Sergeant, chairman of Euromoney, had some reassuring thoughts for delegates.

First, they could keep in touch with events through a Reuters screen in the foyer. Secondly, he added helpfully: There are no windows to jump out of.' Delegates managed mutad shuckles

Hitoshi Tonomura, president nitosai Tonomura, president of Nomura International in London, said he had woken up to find the Tokyo market had alumped. Then I was driven to our Frankfurt office, which is located on the 23rd floor.

"But, as you can see, I'm still here."

Only a game

Jordans Games demonstrated an almost eerie sense of timing with the launch of its new game called Stockmarket.

If anyone is left in the City of London by tomorrow (will the last trader put out the lights please?) the intention is to offer 500 sets of the game (discounted, of course) at an appropriate venue, the Arbitrager Bar, Throgmorton Street.

Stockmarket's backers promise, "All the excitement and mis-ery of the market". Who could resist an offer like that?

Mr Fix-It

Pity the poor executive in financial public relations who took a call from a client yesterday during the great City slide.

Twe spent a packet of money during the last couple of years on your expensive services... Now I want my share price back at last week's level within the next 48 hours. Get on with it.

Observer

Zenith. The leading light The brilliant screen of the Zenith Z-183

outshines all other portables. Wherever you are, in the office, working at home or on the move, the Z-183 has the power to handle all your day-to-day business and keep you constantly in touch with the latest corporate information.

Z 183 Portable PC



THE QUALITY GOES IN BEFORE THE NAME GOES ON

For the full facts - call 0800 444124 or write to Zenith Data Systems Limited, FREEPOST (85 333), Bristol 851 6GZ.

while in London Clive Wolman looks at the implications for the UK man in the street

IT IS fortunate both for the Brit-ish Government's electoral pop-ularity and for the health of the unarity and for the heasth of the economy, that its drive to widen individual share ownership over the last three years has been much less successful than it would like to believe.

For if the stock market fall of

For if the stock market fall of the last two days had wiped out a large proportion of individuals' identifiable wealth, as the 1929 Wall Street crash did; there would have been a major knock-on effect on the economy. Individuals, feeling much worse off, would probably have cut back their spending sharply which in turn could have precipitated a recession.

In fact, a Treasury and Stock Exchange sponsored survey in February found that the num-ber of individual shareholders had shot up from 3m in 1979 to about 8.5m - nearly 20 per cent of the adult population. But the proportion of UK shares held by those individuals has continued to fall from an estimated 59 per cent in 1963 and 22 per cent in 1984 to barely more than 20 per cent now. The Government fi-nancial statistics show that individual investors have contin-ued as net sellers of shares to the tune of £937m in 1985 and £1,075m last year. The proportion of Stock Exchange transactions by value which was carried out by individual rather than institutional investors this year has been only 21 per cent.

A high proportion of privately

A high proportion of privately held shares belong to the ultra-wealthy, in particular a few entrepreneurs, such as Mr Alan Sugar or Mr Asil Nadir, who have large stakes in the compa-nies that they have built up. The Stock Exchange Treasury sur-vey showed that 4m of the UK's shareholders only held shares shareholders only held shares in a privatised company or in the company that employs them. Thus, excluding the wealthiest 200,000 or so shareholders, the remaining shares are spread thinly with an average shareholding of probably only about \$2,500 for each investor.

This represents only a small proportion, around 5 per cent.

proportion, around 5 per cent, of the average wealth per household, most of which is tied up in housing and pension funds.

ap in nousing and pension funds.

Despite the boom in unit trusts, they too have failed to extend their appeal to a broad cross-section of the public. There are estimated to be only about 1.5m unit trust holders. The average size of their holding is quite large, about £20,000 invested in a wide range of UK and overseas stock markets, but on average it is unlikely to account for more than about 20 per cent of their wealth.

The large majority of UK shares, more than 60 per cent, are held by institutional investors, pension funds, insurance companies and foreigners. The stock market would have to fall



Limited success, limited damage

much further before the actuaries start telling companies and employees to increase their pension fund contributions, if they expect to maintain their level of retirement benefits.

level of retirement benefits.

Most actuaries do not value pension funds on the basis of the market value of their assets but on an assessment of the dividends and other income those assets are expected to yield. Even the Inland Revenue, anxious to tax actuarial surpluses, was persuaded to accept this basis of evaluation last year. During a bull market, the actuaries therefore tend to value pension fund assets at much less than the stock market. For example, the leading actuarial firm, R. Wafson and Sons, has recently been valuing pension funds at only about 70 per cent of the market value of their assets, according to partner Mr. John Wigley. Even on that basis, the majority of funds enjoy actuarial surpluses.

Life insurance company actu-aries have become progressive-ly less conservative in their val-

uation of surpluses in with-profits policies. This has allowed companies to increase their bonuses substantially in recent years and these may have to be cut at the end of 1987 if the stock market falls much further. However, the effect on individuals' perceptions of their wealth and well-being is likely to be too indirect and long-term to make them feel much worse off today.

Thus the impact of a stock market collapse is substantially cushioned by the UK's structure of institutional investment. According to Mr Tim Congdon, an economist at Shearson Lehman Securities: There is such a gap between the stock market and the ultimate saver that most people are unlikely to feel the effects, at least for a long time."

Test of the country.

None of these considerations, however, alleviates the anxiety felt over the last two days by those individuals with substantial investments in shares and unit trusts. Should they liquidate their portfolios as quickly as possible or is it wiser to hold on until the market recovers, as effects, at least for a long time."

Mr Congdon believes however

Mr Congdon believes however that effects could be felt in lim-ited areas, for example, the more expensive end of the hous-ing market in London. The own-ers and potential purchasers of these houses have quite a high proportion of their wealth in

shares. In addition, a prolonged bear market would lead to sala-

bear market would lead to salary cuts and job losses in the City and the emergence of surplus office space in central London which would depress commercial property prices.

But few provincial towns and cities should be affected. Thus the consequence of a stock market collapse might be a reversal of the widening gap in house prices between London and the rest of the country.

According to Mr John Manser, chief executive of Save and Prosper, the second largest unit trust managers in the UK, most investors do not like to realise losses. Therefore they tend to hold their breath until their

shares or unit trusts are show-ing a profit once again and then sell out. In the bear market of the mid-1970s, most unit trust bolders held on until share prices approached their nadir at the end of 1974.

Clearly the soundest advice

should have been to sell out at the stock market peak in 1972. But does the same apply today? The chartists and other tech-nical analysis who claim exclu-

sive insights into the psychology of the stock market were nearly all suggesting yesterday, sub-ject to the usual let-out clauses, that a bear market was beginning. However, the investment performance of the chartists has been so poor in recent years that their advice should be

treated with caution.

By contrast, their ideological opposites, the efficient market

opposites, the efficient market theorists, recommend a more comforting policy of inaction. Share prices tomorrow, next week and next year are just as likely to go up as to go down, they say. If it was sensible for you to hold 20 per cent of your assets in shares three days ago, it must still be sensible today. However, even the most hardline efficient market theorist must be rather embarrassed by the apparent lack of efficiency, rationality or even simple mathematical logic displayed by the stock market over the last two days. At the opening of the markets yesterday morning, the FTSE-100 futures contract was trading at 1380 points when the FTSE-100 index itself was nearly 500 points higher. In an efficient market, the futures contract should be priced at slightly above the index.

Despite such disputes, it is possible to draw a few relatively uncontroversial conclusions.

ly uncontroversial conclusions. One is that it is expensive, in terms of transactions costs and terms of transactions costs and possibly capital gains tax, to liquidate a portfolio of shares and then buy them back again when the market appears to have recovered. It is even more expensive to adopt the same policy with unit trusts, because of the hefty initial charges imposed by the managers.

the managers.

But there is no doubt that the UK stock market has entered a much more volatile and therefore risky phase in the last week, or even the last three months. More fundamentally, the way in which needs all the way in which nearly all stock markets around the world - with the partial exception of South Africa - have slumped aimultaneously over the last five days has weakened many of the arguments for international intment in terms of risk diver-

strication.
Thus holding an international portfolio of equities or unit trusts appears to have become a much riskier business. And the riskier an asset, the lower proportion of your wealth it should comprise.

All and December 1977 and

Punishing fraud

The part prison should play in the equation

OVER THE YEARS, research court of Appeal. But in Best, the sentence would have been just, has shown that people convict-court was given the chance of particularly if the grievance of ed of fraud have been less likely commenting because the judge those jailed for thefts far less to be imprisoned - or if imprisoned a sentence that did not remunerative than even Best's oned have been given shorter satisfy the defendant. Yet it not be appropriate than after the provided in the has shown that people convicted of fraud have been less likely to be imprisoned - or if imprisoned have been given shorter sentences - than other non-violent criminals who have stolen lent criminals who have stolen substantial sums. They have also more often been sent to open prisons and have been more frequently paroled. The warning given earlier this month by the Court of Appeal, while quashing the imprisonment of Keith Best, that future stock market cheats are 'on notice that it was not only their assets which were at risk but also their liberty' acat risk but also their liberty appears to herald a change. But does it?

does it?

The leading case on breach of trust is the "guideline judgement" in Barrick [1985] 7 Cr.App.R.(S) 142. John Barrick was 41 years old and had no prior convictions. He was sentenced to two years imprisonment for defrauding £9,000 from a small company where he had been an accountant. He pleada small company where he had been an accountant. He plead-ed not guilty. The Court of Ap-peal upheld the sentence, as-serting that "a term of immediate imprisonment is inevitable, save in very exception-al circumstances or where the amount of money involved is small.

It went on to add that "despite the great punishment that of-fenders of this sort bring upon themselves, the Court should nevertheless pass a sufficiently substantial term of imprison-ment to mark publicly the gravi-ty of the offence.

Frands under £10,000 might expect up to 18 months, while those over £100,000 might attract a term of 3½ to 4½ years, the Court said, adding it will not normally be appropriate in cases of serious breach of trust to suspend any part of the sen-

However, there is little evidence that judges of the first instance follow these guidelines, or can be expected to do so in the can be expected to to so in future. Since all sentences have been so low that defendants have not felt cause to complain, insider dealing has never received any specific attention from the Court of Appeal, but it from the Court of Appeal, but it does seem to be analogous to breach of trust. This would suggest that Geoffrey Collier, sentenced for insider trading, should have gone to prison. But the trial judge did not refer to Barrick or any other appellate case in his unreviewable sentence.

tence.
That is not the fault of the

satisfy the defendant. Yet it nei-ther specified a length for fu-ture sentences nor the circum-stances under which those found guilty of fraud should not be jailed.

Indeed, the Court of Appeal has consistently failed to give adequate guidance to unders on

adequate guidance to judges on the weight they are expected to attach to matters it considers relevant, such as the impact of the offences on the public and on public confidence. What this emphasises is the need for a US-style Sentencing Commission to provide a forum for a more systematic discussion of the principles underlying sentencing in fraud and other

How might such a Commission consider fraud? It would clarify the purpose of punish-

For a businessman, a suspended prison sentence is less of a punishment than publicity

ment. If the aim is general deterrence, the argument in fa-your of imprisonment is strong. collier, Best and others might have considered what they were doing more carefully if people had been imprisoned in the past for their offence. The larger the fraud, the more important the sentence length is in deterring what might otherwise be a rational trade-off.

On the other hand, seneral

On the other hand, general deterrence that is not limited by the seriousness of the crime can be mere barbarism, so how serious are these offences? One approach is to look at public opinion. Apart from the verdict of the Best case jury, who were told by the defendant's counsel that a guilte mediat would min that a guilty verdict would ruin his career, there are no surveys of popular attitudes towards his offence of making multiple share applications.

But research shows that both

frauds by professional people and those upon consumers are viewed by the general public as being very grave. So on grounds of retribution, perhaps a prison cardiff

count. Nonetheless, I remain in-clined to support the view of the Court of Appeal that the ambiguity of the case at the time should mitigate his penalty.

However, if the aim is special delerrence - to deter the same people from committing further harm - it is harder to justify imprisonment Irrespective of sen-tence, it is unlikely that Collier will be allowed to trade in secu-rities or Best to practise at the Bar: if they wish to operate in Britain in the future, they will have to do so secretly via nomi

A Sentencing Commission might conclude that there should be more prison sen-tences for fraud, and/or that of-fenders should do community fenders should do community service to use their entrepreneurial gifts in a more acceptable direction. I doubt that it would support suspended sentences, for on both retributive and deterrent grounds the suspended sentence imposed upon Collier for insider dealing was a particularly absurd piece of symbolic punishment even if he commits another offence, the chance of his being convicted or even prosecuted within the period of suspension is negligible. And recent research has shown And recent research has shown that senior executives rate a suspended prison sentence for a businessman as a less signifi-cant punishment than even publicity on its own or a £5,000 fine.

A more modest way of improving the sophistication of think-ing on fraud sanctions is to give prosecutors a role in advocating sentence (as in mild-sentencing Holland and Scandinavia, and in the tough-sentencing US). To go beyond the current policy of mere exhortation, we might also support the strengthening of clause 38 of the Criminal Jus-tice Bill 1987 - which proposes to allow the Attorney-General to refer to the Court of Appeal cases in which there are allegedly over-lenient sentences - in-to a fully-fledged right of appeal against sentence, perhaps on the motion of the Lord Chief Justice if we are tender-minded about giving the prosecutor a role in recommending extra

The author is senior lecturer in

Fragmented fraternity

From Mr B Dennely Sir, - In his article of October 9 Hugo Dixon refers to the building market share in providing mortgages. We are certainly aware of the need to protect ourselves against building societies encroaching on the market for wide-ranging financial services which brokers currently provide. Already many brokers will only place cases with building societies as a last resort. Currently, the foremost reason for doing so is the cheaper rates which can often be obtained from specialist non-building society lenders, but it is also because we do not wish to allow the building societies the opportunity to poach clients in 12 mouths time for, say, unit trust investment.

The fragmented broker fraternity now has the problem of ensuring that these non-building society lenders can handle bulk mortgage business, or we will be losing market share in most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the most recent report produced, which information is fully available and I would recommend that Mr. Riddell might be interested in the interested for wide-ranging financial ser-vices which brokers currently

mortgage business, or we will be losing market share in mort-gages. The evidence of the last few months is not encouraging. We have experienced appalling problems dealing with these

problems dealing with these non-building society lenders.

To ensure these institutions do not embarrass us in the eyes of our clients again, some action is required by the brokers and insurance companies to ensure that their management and systems are dramatically improved. A boycott of the offending institutions until they prove they can handle volume mortgage business in an acceptable manner is the only long term solution.

I hope this strategy to protect the broker's market share is successful. If it isn't we only have ourselves to blame and the building societies could see a dramatic rise in mortgage busiess direct from the consumer, (and an even bigger opportunity to cross-sell), contrary to the fears of the societies management. Brisn B J Denneby

Derby looks forward -

From the President, Derby and Derbyshire Chamber of Commerce and Industry. Sir, Peter Riddell (Septem ber 28) implied that Derby, as a likely site for "mini" urban de-velopment consideration, was a local authority where develop-ment land is held and implying that hostility lowards business

was sometimes evident.
On behalf of industry and commerce in Derby and Derbyshire I strongly refute this charge against Derby City Councharge against Derby City Coun-cil who work very positively to-wards the local political and laft both needs and the fears of commercial interests, and do the users.

Letters to the Editor

The control of the co

very fully.

The planning and economic development policy of the city

Rast Midianos Airport, bat good Intercity rail links, coupled with first class housing, educational and shopping facilities. Equally substantial areas of industrial designated development land are available within the city boundaries.

Consequences of a basket

From Mr I Kahn. Sir. Donald Franklin's excel-lent letter (October 12) on the consequences of a commodity basket currency base merits ex-

ploration.

During the 1930s and 1940s both J M Keynes and Benjamin Graham, among others, recommended some commodity baskets with components globally traded that fluctuated freely. Graham, in two books sug-gested a basket with 23 major When the total basket price dropped below 20 per cent of par its warehouse receipts could be bought from the cen-tral banks that owned them When its price rose 20 per cent above par, sellers could deliver these receipts and get the stored commodities. Normal trade arbitrage would operate within the baskets components.

The obvious advantages of maintaining production of basic commodities, even while some are in current oversupply gives sustenance to those who produce and use them. When scar-cities cause inflation and prices reach above their long term

What most countries now do for limited strategic commodifor innited strategic common-ties should be exanded to in-clude food, textiles and shelter items which are far more impor-tant to the world's well being. tant to the world's well being.

I hope other readers will add
their views to the advantages
that such commodity baskets
could provide to our long term
economic stability. This was
once supplied by the fixed gold
standard. The global world has
moved beyond digging holes in
the ground only to put this gold
back into a different "hole". back into a different "hole".

Irving Kahn, Kahn Bros., I Exchange Plaza (55 Broadway),

The Indian economy

From Major A Delens.

Sir, While Michael Prowse's snalysis (October 15) of the Indian conomy, 'A case study in how not to do it', is undoubtedly masteriy, it overlooks a number of important factors, including the main reason for the economy's lack of performance. Corruption, which explains the oddities which beset exports, imports and business generally. There is a very good reason for the numerous government control. the numerous government con-trola, licences and other re-quirements at every stage of a business transaction. They all represent opportunities for bureaucrats to exact payment be-fore passing on applications to the next higher authority.

Nehru's grandiose ideas of bringing India to the level of western world never had and world commodities. A span of 20 never will have the remotest previous years wild provide price ranges fairly reflecting son lies in the character, or lack the sweep of cyclical extremes due to nature, people or both. The basket's par would be its average price over those years.

When the total basket wises Nebru was a notable example. Their only criterion is that of personal solf interest in terms of wealth and power. How else can one explain the almost ob-scene wealth of a small minority and the dire poverty of a very large proportion of the Indian population. A few years ago, at the time of the Gandhi film, a Swiss magazine showed a two page spread of a rich Indian marriage where the jewels and other valuables of the forty odd recole in the nicture representpeople in the picture represented some 230m to £40m. Over the page was a picture of a woman washing her baby in the gutter, because that was the only water

With a per capita income of £3 Birkbeck College, week, half that of its neigh-

she could find.

and the constant holding out of the begging bowl, the latest bor-rowing is some 2800m, how can a country justify the spending of billions of dollars on the latest most sophisticated aircraft; the explosion of a nuclear bomb and the development of a sky these unnecessary projects much of it contributed as aid by western countries, could be spent on the alleviation of the poverty so evident in every corner of the sub-continent

As for the failings of the British Raj, while poverty there cer-tainly was and people did sleep on railway stations before independence, one did not see the streets of Delhi lined with many thousands of people sleeping wrapped in a thin piece of cot-ton in January, when the tem-perature is little above freezing. Nor did one see the 15 miles of cardboard and hessian shacks lining the road from Bombay airport to the city and which house some million peo

ple. Until India drops its folle de grandeur ideas and gets its pri-orities right, it will remain of little consequence in world af-fairs.

(Major) A.H.R. Delens, Naval & Military Club, 94 Piccadilly, W1.

Small or great trust

From Mr S Szymanski. Sir,- In his article of October S Michael Prowse expressed some bewilderment at the level of City salaries. Having dis-missed Adam Smith's first two rationalisations for high wages the "hardship" of the job, or "the expense of learning the business he appeared to believe that no further explanations that no further explanations could apply. Of course it is all in Adam Smith and Mr Prowse would have found this out if he'd looked at the third and fourth justifications, viz "The constancy or inconstancy of employment" and the small or great trust which must be recorded with the workman." posed with the workman' In the light of recent job

losses in the City, number three needs no further elaboration. Number four is also quite apposite in the current climate. If there are large sums of money to be invested by principals who have little knowledge of who have inthe knowledge of the arcana of modern markets then it is bardly surprising if they pay their agents vast sala-ries (but small amounts relative to total investment) to ensure proper behaviour. Indeed, since all the recent scandals perhaps they should be paid yet more so as to keep them on the straight and narrow.

Adam Smith was wise enough

paid bears little or no relation to the usefulness of what you Stefan Szymanski.

to recognise that what you are

LAWRENCE GRAHAM

THE BUSINESS **OF SUCCESS**

Lawrence Graham's team of corporate lawyers provides a full range of services to clients in the UK and North America. During the last year we have strongly expanded our client base and we have extended the range of our corporate finance and other legal services.

Our hallmark is to offer advice which is creative and commercially practical.

We intend to continue this progress by attracting solicitors of partnership calibre who have gained City experience in private practice or the financial sector.

If you feel that you can contribute to our future development please contact Michael Richardson at the address below or telephone him at home on 0344 882635.



190 STRAND LONDON WC2R 1JN. TELEPHONE: 01-379 0000 AND IN NEW YORK

Wednesday October 21 1987



US denies it is being pushed towards war

WASHINGTON FIRMLY denied ties emerge from this situation, yesterday that it was being but we don't look on it as a war. pushed towards war with Iran.

Britain, which supported the but said it was prepared for any US action, was also trying to reIranian response to Monday's duce tension yesterday. FollowAmerican attack on two Iranian ing the meeting with Mr Shulta, oil platforms in the Gulf. TenSign in the waterstay remained forestance constraints. sion in the waterway remained foregone conclusion that the high as Iran repeated a threat to conflict would now escalate. They pointed out that both the

Shultz, the US Secretary of State, gets carefully with a view to said: "It was a well-timed, pre-keeping the confrontation within said: 'It was a well-timed, precise, restrained, definite response to Iranian attacks.'

Mr Shultz was speaking in
Loudon after a meeting with Sir
Geoffrey Howe, the British Foreign Secretary. Asked if Washington was "backing into" war
with Iran, he answered flatly:
'No".

In Washington, Mr Caspar

keeping the confrontation within
bounds - Tehran by hitting a USflagged ship while it was not under American naval protection
and Washington by striking oil
rigs in international waters rather than targets on land.

"I don't regard this as something spiralling out of coutrol,"
said one senior official.

There was no expense of

In Washington, Mr Caspar Weinberger, the Defence Secretary, said the US was not seeking perature in Tehran. Mr Ali Akany further hostilities with Iran. But he added: "We are prepared, of the Iranian parliament, reiterathink, for whatever eventualiance."

Said one senior official.

There was no sign, however, of the political temperature in Tehran. Mr Ali Akany further hostilities with Iran. But he added: "We are prepared, of the Iranian parliament, reiterated Monday's threats of retribu-

In an effort to dampen fears of US and Iran had shown restraint wider escalation. Mr George so far, and had chosen their tar-

tion. In a speech broadcast by enough to deter Iran from fur Tehran radio he said: "God willing, we will carry out our duty in The Soviet Union, meanwhile ming days and make them

proved it in practice."

Tehran said the two oil platforms struck on Monday were still on fire 24 hours later, and that it was preparing lawsuits to recover damages estimated at

recover damages estimated at \$500m.

Kuwait, in its first official response to Monday's incident, expressed concern about what it called "the aggravation of tension in the Arabian Gulf" and called for increased efforts to implement United Nations Security Council resolution 598 calling for a ceasefire in the Gulf war. Newspapers in the Arab Gulf war. Newspapers in the Arab Gulf war. Newspapers in the Gulf war. Newspapers in the Gulf war. Newspapers in the Arab Gulf war. Newspapers in the Arab Gulf war. Newspapers in the Arab Gulf war. Newspapers in the Gulf war. Newspapers in the Gulf war. Newspapers in the Arab Gulf war. Newspapers in the Gulf is sure to be discussed later this week when Mr Shultz meets Mr Eduard Shevard and Mr Mikhail Gorbachwashington had not gone far with the Gulf by a UN force. However, Moscow's clear wish is to prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne in prevent the Iran-Iraq war from becoming a central issne i

The Soviet Union, meanwhile,

appeared to Western diplomats sorry. It is not a threat or an attempt at intimidation when we strained note. Mr Gennady Gerasian - it is a reality and we have proved it in practice."

Token said the two oil plot. international law and contrary to resolution 598, and repeated an earlier Soviet proposal for the replacement of the foreign naval fleets in the Gulf by a UN force.

Tony Walker in Dubai examines what form of retaliation Tehran is likely to take

Gulf states jittery as threats grow

IRAN'S FIERCE threats of re-taliation against the US and its allies are adding to nervousness are auding to nervousness among Arab states around
the Guif over the possible consequences of Monday's attack
on an Iranian oil platform.
Local observers said there is
a sense of a threshold having
been crossed and that the conflict will almost inevitable con-

been crossed and that the con-flict will almost inevitably con-tinue to escalate. Monday's inci-dent, they said, exemplifies the US tilt towards Iraq.
Mr Alireza Afshar, the Irani-

an Revolutionary Guards spokesman, sounded an omi-nous note when he said: The blow the US will receive from the combatants of Islam in the Gulf will be much harder than the slap it received in Leba-

Mr Afshar, quoted by Tehran Radio, was almost certainly re-ferring to the truck bomb slaying by Iranian proxies in Beirut in October 1983 of 241 Americans, most of them ma-

longing to an Arab ally of the US.

This could be represented as being more or less commensurate with the US action on Monday, in which four American the joint Saudi-Kuwaiti oil production platform in the north

the central Gulf.
Offshore installations belonging to Kuwait, Saudi Arabia. Bahrain, Qatar and the United Arab Emirates would all be vulnerable to an Iranian retaliato-



The Iranian oil platform Rostam blazes after being attacked by two US warships in the Gulf on Monday

The question being asked in the Gulf yesterday was what form Iranian retaliation may to terrorist attack, said a Gulf salvage expert. It would be almost an impossibility to protect One of Iran's options would be to attack an offshore oil platform or similiar installation belonging to an Arab ally of the

an oil platform, east of Qatar in ern Gulf which was menaced

ship.

A drastic measure available to Iran would be for it to seed mines in the approaches to the Strait of Hormuz, closing its southern channel to traffic, while keeping open the northern route in Iranian waters. It is assumed that whatever retaliatory measures Iran adopts, they will be unpredictable. The Iranians have shown a degree of inventiveness on each occasion they have been challenged.

There is also a sense in the Gulf, however, that Iran may be running out of options. This may itself increase prospects of a confrontation with the US.

Local observers believe that Kuwait's and Iranian and the decision, over Mr Kazembekov reacted to criticism by telling the director." Mr Kazembekov reacted to criticism by telling the director." Mr Kazembekov reacted to criticism by telling the director." Mr Kazembekov reacted to criticism by telling the workers (their number is not given but the average on a Soviet collective farm is 540) that they should criticise 'but God help anyone, even with glasnost, who had something to say against the director." Mr Kazembekov reacted to criticism by telling the director." Mr Kazembekov reacted to criticism by telling the workers (their number is not given but the average on a Soviet collective farm is 540) that they should criticise 'but God help anyone, even with glasnost, who had something to say against the director." Mr Kazembekov reacted to criticism by telling the director." Mr Kazembekov soviet collective farm is 540) that they should criticise 'but God help anyone, even with glasnost, who had something to say against the director." Mr Kazembekov reacted to criticism by telling the director." In response the meeting 'decided that the economy of the farm could be drastically improved if the director. The proved if the director. The say against reacted to criticise 'but God had something to say against the director." In response the meeting 'decided that the economy of the farm could be drastically improved if the director. The proved if the director. The proved if the dir they have been challenged.

There is also a sense in the from nearby Faw peninsula in There is also a sense in the Gulf, however, that Iran may be running out of options. This may it (the refinery), the consequence of mines to embarrass the US, either by seeking again to hit a tanker under escort or by inflicting damage on a US war-

vatise government-held assets

Mrs Aquino questioned why it was necessary to dispose of

profitable assets, such as parts of the Philippine National Oil Corp, before non-performing as-Mrs Aquino came across as ready and more than willing to confront the threats to her gov-ernment from communist led guerrillas and renegade mili-tary rebels. The official silence that has dominated much of the

then "it was the computers for the rest of the night," a company official said.

The panic-struck mood of investors which had triggered Monday's astonishing collapse of prices had ebbed substantial-

He noted that European in vestors had made a cooler eval-uation overnight and decided here were substantial bargains to be had in US stocks. "They were big buyers in our market today." He was afraid, however, that yesterday would see heavy margin selling which would add huge quantities of shares to the market. This occurred but he was pleased with how well the market withstood the pressure.

complaints about Monday was that the error level in transac-tions was inevitably higher than usual in the cascade of orders.

The last couple of days had been "a crazy business." Prices had collpased because of panic

Were they idiots on Monday?
"Time will tell"

Dismissed Soviet farm chief goes on hunger strike

THE CHAIRMAN of a Soviet collective farm has gone on a five-day hunger strike in protest against his dismissal by work-ers who took advantage of great-er democracy in the selection of Soviet officials to vote him out

At five o'clock on the day after he was fired, Mr K.T. Kazembe-kov, previously head of the Min-urina collective farm in the Republic of Kazakhstan, pushed an armchair to the entrance of the regional Communist Party headquarters and began his hunger strike. Earlier he had sent a tele-

Earlier he had sent a telegram to the press announcing his intention to protest against "crude violations of legality and the existing rules of Nomenklatura". The "Nomenklatura" is the system, which plays a vital role in Soviet life, of posts which can be filled only with the agreement of the appropriate party body. In the case of collective farm chalirmen, it is the regional party committee. al party committee.

Both Mr Kazembekov's dis-missal by the farm workers and his protest action are unprece-dented. Their importance is that they illustrate how ten-sions between managers and workforce are now emerging in-to the open in many Soviet enterprises and farms as workers are given a say in who is in

The incident began at a meeting between Mr Kazembekov and the workforce on an impoverished farm called Minurina, near Semiplatinsk in Soviet Central Asia, according to the daily Komeomolekown Provide It daily Komsomolskaya Pravda. It reports that at such meetings with all the talk of perestroika (restructuring), glasnost (openness) and other tempting things, people have started criticising each other left, right and centre."

At a poor farm like Minurina. At a poor farm like Minurina, says the newspaper, there is plenty to criticise "but God help anyone, even with glasmost, who had something to say against the director." Mr Kazembekov reacted to criticism by telling the workers (their number is not given but the average on a Soviet collective farm is 540) that they should criticise less and think more about the economic future of the farm

gional party.

When the reporter from Komsomolskaya Pravda visited Minurina, he asked what was wrong with the former director. He was told: "He takes all decisions himself but, at the same time, avoids taking responsibility for his decisions. We live in an atmosphere of fear and suspicion. He makes it very hard to work here and he hasn't a clue what is happening on the farm. He's is happening on the farm. He's on one side of the fence and we're on the other."

we're on the other."

How did he get apppointed? The local party said applicants for such jobs were seldom of good quality. The paper admits also that the farm was heavily in debt before Mr Kazembekov arrived but adds gloomily that he is fairly typical of managers on Soviet collective farms.

Captain rides out the storm Continued from Page 1

ly yesterday, said Mr John Slade

Mr Greenberg played his cap tain's role on Monday and yes

terday to keep his crew wedded terday to keep his crew weaten to reality.

In fact, the firm moved rapid-ly overnight to hire some spe-cialists whose firms had col-lapsed in Monday's market rout.

We saw some friends get wiped out, which is never pleas-ont We saw a lot of blood.

ant. We saw a lot of blood, which is never pleasant. It seemed that one of his few

selling by people who can be s bunch of idiots."

THE LEX COLUMN

The strain starts to show

The real gravity of the situation in world markets was most apparent yesterday in the US. The Fed said again that it would keep the system liquid: Goldman Sachs undertook to support the mutual funds in the face of redemptions: and Merrill Lynch strode forth heroically to buy its own shares. The by to buy its own shares. The echo of similar gestures in 1929 was more unsettling than reas-suring, and Wall Street's initial response was an up-and-down swing of 200 points.

swing of 200 points.

Movements like this are becoming virtually impossible to interpret. In London, Glaxo's nominal value fell by over £1bn in the morning, gained all that and more in the early afternoon, and lost it again by the close Mid-afternoon offered the bizarre spectacle of some market makers selling Hanson Trust at 130p and others apparently offering to buy at 147p - a situation which lasted for over half an hour. A near-record volhalf an hour. A near-record vol-ume of shares may have been traded, but plainly not at the prices shown on the screen. In the US, meanwhile, it was impossible to trade index op-tions or futures anywhere for

most of the morning. Hong Kong is still the only market to have closed outright, but there is a real danger of others joining it in practice. The breakdown of markets, and the inability to deal and to hedge, is perhaps the most worrying development of the past two days.

Structural damage

There is a school of thought that the dramatic collapse in world share prices reflects lit-tle more than an overdue pricking of a speculative bubble, with a healthier financial system as the end result. However, the spate of rumours which swirled around the financial markets yesterday, and the evident flight to quality, reflected very real fears that the scale of damage, resulting from the drop in equities and the upheavals in other financial markets, could trigger a major financial crisis.

trigger a major financial crisis.
The immediate area of concern is the securities firms which have been in the front line. Given the scale of the price mated that the decline of the US stockmarket from its peak had resulted in a reduction of \$1 trillion in US net wealth. The direct effect of this is an estimated 1 per cent fall in US economic activity next year, and this contraction of private wealth can only lead to less borrowing and spending making the risk of a recession more banks appear movements it would be very sur-prising if some of them had not suffered serious capital losses, and several blue-chip firms yesterday went out of their way to deny that they were in trouble.

The commercial banks appear less immediately at risk, and every effort will be made to pre
the risk of a recession more fered rather more than 9½ per cent at the forthcoming refunding.

Yield Ratio

consumer spending Just how far the loss of confidence will feed through into the rest of the

world economy is highly uncer-tain, but Paine Webber, the US

that equities are owned by pension funds and insurance companies they represent the savings of the general public. But liabilities stretching over decades are scarcely affected by short-term market movements, even on the present scale. Overfunding of pensions may be a thing of the past, but it would take a much larger fall to would take a much larger fall to put people's pensions in actual danger. One could indeed argue that the fall is good for pen-sions: if the future dividends of an ICI are not affected by short-term market movements it makes more sense for a fund to buy the shares now at £1250 than at £16.50 back in the sum-

vent any panic spilling over into the banking system. But all banks will be reviewing their The most perverse response in the markets yesterday was the sharp rise in government bond prices. While a flight to lending exposure to the securi-ties industry, and this could limit its future growth. quality is a perfectly sensible defensive move in troubled times, it is usually best confined A particular area of concern is Japan, where stock market speculation has been a big source of profits for many local companies. Japanese banks value their investments at cost, so ties. However, the drop in short-term interest rates in the short-term interest rates in the US, accompanied by a couple of prime rate cuts, was joined by falling long-term yields with the return on the US long bond dipping briefly below 9 per cent.

The bullish case advanced for US bonds, which extended to other bond markets, was that if falling equity prices are signalling a US recession then inflation is no longer a worry. Yet it is hard to believe that the concern which has dogged the bond markets for months can be done away with at a stroke. Although the dollar railied yesterday, following the patching up of the Louvre accord, that strength must be seen as temporary and is hardly consistent with lower US interest rates. Meanwhile, the received of the strength interest rates. the immediate impact of the sell-off may be cushioned depending on when they invested; but the banks may be required but the banks may be required to support their corporate customers if they begin reporting heavy investment losses. Meanwhile, the collapse in share prices will almost certainly have seriously damaged the high-powered efforts of US commercial banks to get more actively involved in the securities industry. industry.
The second area of concern is at the personal level. The sharp decline in equity values will spill over into other asset val-ues - such as residential real es-tate in the south east of Britain

is hardly consistent with lower US interest rates. Meanwhile, the pouring of liquidity into the US financial system yesterday must tend to expand the money supply. Yesterday's poor UK bank lending statistics, which were rapidly forgotten in the gilt market's rise, would normally have stoked up fears of inflation. inflation.

As the UK found in the last recession, the US will still have to fund its budget deficit, given

the politicians' refusal to raise taxes. If the Japanese are to be enticed into buying more US bonds rather than repatriating funds to support their domestic

Tower Hamlets £18.65 Debenham, Tewson & Chinnocks, 1987. An independent report by Coopers & Lybrand Associates on Relocation Trends in the Financial Services Sector says of South Hampshire:

● "Property costs in South Hampshire are considerably lower than those current in London or the Thames Valley."

- "...within one hour of London fringe and Heathrow Airport."
- "We advise companies to include South Hampshire as a
- worthwhile area for detailed study when they are considering their relocation plans."

If you are looking for a new administrative centre, ask the Hampshire

it we will send de for offices of 20,00		py of this report and with the M27 corridor suitable
Hampshire SO22 5BS	or Relocation Trends in the Fina thire Development Association, or call Winchester (1962) 56060.	ancial Services Sector. Post this 13 Clifton Road, Winchester, FT 21/10
Name		·
Position		25000
Company		- Approur
Address		ASSOCIATION (A)
Postcode	Telephone	

Aquino gives assurance to creditor banks

all the country's creditor banks will be able to sign a debt rescheduling agreement covering \$13.2bn before a November 15 deadline.

Pressure in Congress for a limit to interest payments and controversy over a government guarantee for a \$57m private loan last month, looked set to derail the debt rescheduling deal agreed in June. Bankers say 30 of the 483 creditor banks have refused to sign the agree-ment because Manila has not implemented its guarantee.

was almost lost in her speech to The Defence Department, business groups, who warmly which controls the police, and

Continued from Page 1

their respective markets.

Algiant Annistada Annistada Annistada Athena Bahnata Bangkat Balgasta Balgasta Balgasta Bangkat Annistada Budapat Cale Cape Toron Canacias Condition Colorada Condition Colorada Condition Colorada Condition Colorada Colo

rates, with those US banks which raised their prime rates

last week reversing the move, and bond markets in all the ma-

Limited success for calm

Continued from Page 1 The looser monetary stance kets. That contributed to a general downward trend in interest bank's decision to cut the rate

jor centres rising sharply.
Mr Michael Wilson, Canada's
Finance Minister, said that
Tepurchase rates was seen in

there had been a number of dis-cussions among ministers on rect response to that meeting

the need to ensure that there and, more generally, to fears

was no shortage of funds in that continuing discord would

World Weather

PRESIDENT Corazon Aquino of the Philippines yesterday said the government will ensure that business community.

The Philippines yesterday said the government will ensure that business community.

The labour department will speedy asset disposal. Earlier this year, long after rights of strikers and police ac-

Enthusiastic applause gave way to wild cheering when Mrs Aquino ordered a crackdown on illegal strikes that bankers and businessmen say have badly damaged investor confidence. She ordered a special force of police and army, now under training, to help enforce exist-ing labour laws and to remove illegal blockades at factories.

many of which are fomented by militant left-wing unions - was the main reason why the combined business groups called However, the announcement for the meeting two weeks ago.

on its latest repurchase ar-rangement with the commercial

banks to a fixed 3.8 per cent from the 3.85 per cent which fol-

The issue of illegal strikes -

ment assets - an issue on which foreign and local investors say there has been almost no action

despite lip service to the idea -Mrs Aquino said she wanted to sets were sold.

On privatisation of govern

sell all the investments the previous government should never have made. "There is always an excuse not to sell. I want Government to get out of business." All government hotels, in-cluding the prestigious Manila

Hotel where she was speaking, were up for sale. The sale of

time since the coup, was first filled with noise from enemies from each political extreme and

Philippine Airlines is also unten by a der serious consideration. It is doubt over an apparent shift back towards the centre.

Continued from Page 1
ties, bonds, currencies and most
other financial instruments.

News that major US banks
had cut their prime rates also
provided a fillip to markets.
Concern about the rising trend
of world interest rates and speculation the Fed would have to
raise the discount rate to preraise the discount rate to pre-vent a further slide in the dollar was a crucial trigger to the col-

lapse in stock markets which began last week. The decision by the West Ger-man Bundesbank to fix a marginally lower interest rate on its repurchase pact today added weight to a flurry of official statements by central bankers and finance ministers of the Group of Seven industrial na-

tions aimed at reassuring mar-The positive impact of these events, particularly the Greenspan statement, combined with signs of massive money market intervention and a surprising strengthening of the dollar, sent US bond prices soaring by around five points before the

equity market opened.

This laid the foundation for a large early recovery by blue-chip US stocks. Then, how-

financial institutions circulated the market. Some traders were stranded with huge unwanted stock positions as the Dow tum-bled back into negative territo-

Citicorp. Nevertheless, the fact that eq-

uities failed to sustain a rally was seen as deeply disappoint-

day's collapse.
Widespread halts in trading
as order imbalances developed
for many blue-chip stocks, added to the volatility of market

velopment, US options and fu-tures exchanges temporarily suspended trading in stock index options and futures for much of the morning, citing imbalances of sell orders in many of the indices' constituent

ever, the rally petered out, partly as rumours about the financial positions of several US. The London stock market was at the mercy of events overseas and particularly on Wall Street.

then by a growing rumble of doubt over her abilities from Markets swing wildly

> ry by noon.
>
> However, the bears' attempts to push the market lower also fizzled repeatedly, in part because of large stock repurchase programmes announced by numerous leading companies, including Ford, USX, Merrill Lynch, Shearson Lehman and Citicorn. ry by noon.

ing by many market traders, particularly considering the big cuts in interest rates since Mon-

In another unprecedented de

SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Wednesday October 21 1987



Icahn calls off offer for TWA

By Our Financial Staff

THE SHAKEOUT on Wall Street claimed another victim in the US mergers scene with yesterday's announcement from Trans World Airlines that its chairman, Mr Carl Icahn, has withdrawn his proposal to acquire the TWA shares he does not already own due to the deterioration in market conditions.

The news comes just two days after the board of the major transatlantic airline agreed to an improved offer from Mr Icahn for the 27 per cent of the stock which he does not | er gain than durables. hold. Under the proposal, Mr Icahn would have paid \$20 in cash and \$25 face amount of 12 per cent subordi-nated debentures due in 2007 for each TWA share.

TWA, whose shares were sus-pended early yesterday, said Mr Icahn reserves the right to make a subsequent proposal at some future date on the same or different terms. Mr Icahn had raised his offer from an initial bid in July of \$20 cash and \$20 in securities. The latest bid valued TWA at \$1.35bn.

Meanwhile, Mr Irwin Jacobs, the

Minneapolis investor, said he sold his stake in Gillette, the US toile-tries group, after deciding that he could not force Gillette to accept a \$47 a share takeover bid made by Mr Ronald Perelman's Revion

Revion's \$5.35bn bid expired last week after being repeatedly reject-ed by Gillette. Mr Jacobs had earlier considered waging a proxy fight

Mr Jacobs said he sold the Gillette stake, which he called "substantial" but under 5 per cent, a few weeks ago over a period of several days. He said he sold the stock at a | which investa also has a 47 per cent | workforce of 2,500 and two manuprofit, but did not disclose the selling price.

BY OUR FINANCIAL STAFF

year the figures were \$167m or 87 our

\$562m against \$2.7bm and \$274m price/cost relationships and overall

Sales for the quarter rose to

\$3.4bm, with an operating income of

last time. Earnings per share for the quarter were 58 per cent higher than the company's previous best third-quarter earnings of \$1.09 a

Sears Roebuck income rises to record \$409m

SEARS, ROEBUCK, the largest US retailing group, yesterday posted record third-quarter earnings of \$409m, or \$1.09 a share, and said it remains optimistic about the fourth quarter and year ahead. The latest earnings are up 24 per

cent from the \$328.1m or 88 cents a share achieved in 1986. Revenues in the latest quarter rose 9.1 per cent to 512.2bn The company said it expects gains in disposable personal income

to accelerate in the current quarter with general merchandise industry sales increasing about 5 per cent and non-durables registering a larg-

capital gains and other income in the quarter totalled \$90.6m com-pared with \$40.7m last year. Ninemonth profits rose 34.5 per cent to \$1.09bn or \$2.86 a share, against \$808.3m or \$2.17, a share. Net aftertax realised capital gains and other income totalled \$290.5m compared with \$155.2m a year ago.

Sears' merchandise group's quarterly income of \$170.4m compared with \$170m the previous year, despite a rise in revenues from \$6.68bn

The Allstate insurance group reported quarterly income of \$240.5m, shopping centre.

Sears said net after-tax realised up 19.7 per cent from \$200.9m apital gains and other income in year ago and benefited from a be quarter totalled \$90.6m com-

The Dean Witter financial services group reported a loss of \$4.2m in the quarter compared to a year-ago loss of \$8.0m. Discover Card operations reported a loss of \$29.4m compared to a loss of \$23.4m a year ago. Revenues for the group rose from \$837.3m to \$1.02bn.

The Coldwell Banker real estate group reported third-quarter income of \$47.8m compared with \$7.8m last year. The increase resulted primarily from the sale of

Ericsson office equipment unit to be sold within cost-cutting plan

ERICSSON, the Swedish telecom- ment field at the beginning of 1983 UK and France. munications and electronics concern, is selling its office equipment operations as part of the continuing retrenchment of its loss-making in-formation systems division.

The office equipment sector, which includes typewriters, print-ers, calculators and office furniture, is to be sold to Design Funktion of Norway, a small office furniture manufacturer, according to an agreement in principle reached this week. No financial details of the deal were released.

Design Funktion is a limited partnership owned 38 per cent by Inves-ta, the Norwegian investment company, and 56 per cent by the privately-owned Entranor-Gruppen, in

Dow Chemical income surges

with the acquisition of Facit from Electrolux as part of its wide ranging attempt to enter the fledgling information industry.

Mounting losses have forced it sharply to reduce its ambitions, however, and to concentrate its operations on the core products of communication systems, including large subscriber exchanges and da-

Ericsson is to take an equity stake of about 20 per cent in a new company to be established by Design Funktion to operate the officeequipment activities under the Fac-

The Facit operations have annual sales of about SKr2bn (\$319m), a stake. facturing plants in Sweden. Sales
Ericsson entered the office equip-

The most important sales channels are the 60-strong franchise operation of Ericsson City shops in Sweden together with 15 whollyowned Facit foreign sales subsidie

Design Funktion, which bought the Facit office furniture manufacturing operation from Ericsson at the end of 1985, has sales of only SKr250m and a workforce of 300.

Including the latest disposal, which will be effective from the end of the year, Ericsson's information systems division will have cut its workforce from a peak of 22,900 to about 12,400 in a bid to check more than three years of heavy losses.

The office equipment operations account for about 20 per cent of the information systems business area.

By George Graham in Paris

DOW CHEMICAL, the second largest US chemicals group, yesterday typically been an off-season."

Basic chemicals and plastics had performed well, with operating income for the total segment double that for third-quarter shown "exceptional gains," with per cent to \$330m or \$1.72 a share. In the corresponding period last supply and demand. "The quality of year the figures were \$167m or 87 our business remains excellent, worth America." Among pharmarity matrices continuing the continuing continu

Worldwide sales rose by 22 per cent compared with last time, with Europe accounting for the biggest percentage increase. The Pacific reported record operating income, while Canada had its highest sales

Mr Paul F. Oreffice, chairman continued to experience strong de-and chief executive, forecast a re-mand and increasing margins, Mr cord result for the year and said all Oreffice said. "Fach of our consumer specialty

with margins continuing to expand for many products as a result of

higher operating rates, improved

Among basic chemicals, major

contributors included vinyl chlo-

ride, monomer, chlorine and cans-

tic. Polyethylene and polystyrene

centicals Dow Chemical's cholesterol reducer Lorelco, its Seldane antihistamine, and its Nicorette chewing gum designed to help people stop cigarette smoking, continued to show "outstanding performance."

quarter ever," Mr Oreffice said.

Big European groups set for Matra stake

THREE MAJOR European industrial companies are expected

fence and electronics group Mat-ra, to be privatised next week. Mr Jean-Luc Lagardere, chairman of Matra, said yesterday that the major candidates for the "hard core" of friendly shareholders – the composition of which will be amounced by the finan-cial ministry on Friday – are Daimler Benz of West Germany, GEC of the UK and Sweden's Wallenberg group, which con-trols the Ericsson telecommuni-

These are three groups know and appreciate, and which can help us create a great European group," Mr Legardere said. Mr Lagardere's own holding company, MMB, which indirectly controls the Hachette publishing group, is also a candidate for the maximum 6 per cent stake allowed in the hard core. The company is to increase this stake by buying in the market after Matra has been floated.

The hard-core shareho will have to pay a premium of 10 per cent to Matra's flotation price, which is also due to be an-

nounced on Friday.

Matra will raise about
FFr800m (\$135.5m) of new capital at the same time as next week's offer for sale, taking its value to

about FFrilm. Because the state owns only 51 per cent of the company, the number of shares put on sale to the public will be relatively small, totalling about 20 per cent

Besides the hard core controlling up to 22 per cent of the company, the government has created a golden share which allows it to veto any stake of more than 10 per cent for the next five years.

Abitibi-Price up in quarter

ABITIBI-PRICE, Canada's largest newsprint producer, enjoy a strong third quarter with higher product prices, but because most of its sales are made in the US, exchange factors limited the

gain in earnings. Third-quarter profit was C\$33m (\$25.6m), or 45 cents a share, against C\$31.1m, or 42 cents, on revenues of C\$750m against C5716m. The Canadian ollar strengthened considerably in the third quarter.

Nine months' net profit was C\$91.1m, or C\$1.23 a share, against C\$81.3m, or C\$1.11, a year earlier on revenues of C\$2.2ba against C\$2.1ba. The company is controlled by the Reichmann

Oilfield services group rebounds

By Karen Fossii in Oslo

SCHLUMBERGER, the French-US oilfield services group which has been hard hit by the decline in US oil exploration activity, has bounced back with a third quarter net in-come of \$2m, compared to a net loss of \$42m or 14 cents per share, in the

same period last year.

The latest results, however, are heavily distorted by special factors. They include \$152m from continu-ing operations, a \$220m loss from the sale of Fairchild Semiconductor and a \$70m extraordinary gain.

included in income from continu ing operations is an unusual \$69m after-tax gain on the sale of Schlumberger's investment in Compagnie Luxembourgeoise de Tele-diffusion.

Mr Euan Baird, Schlumberger's chairman, said excluding unusual items, third quarter income from continuing operations was \$83m compared to break-even in 1986. Increased income from continuing operations was due to improven in oilfield services, mainly in North America, Latin America and Africa. Oilfield services revenue of \$588m in 1987 was three per cent

nigher than in the third quarter of 1986. Measurement and systems revenue improved three per cent to "Good results" were also reported by several units of Schlumberger

Industries, notably electronic transactions and the electricity, water and gas meter activities; Schlumberger Technologies' automatic test equipment and computer graphics For the first nine months of this

year Schlumberger had net income of \$37m, or 13 cents per share, compared to \$161m, or 56 cents, in the

Third quarter revenues reached \$1.22bn compared to \$1.11bn in the same period last year. Nine-month revenues slipped to \$3.43bn from \$3.84bn.

Citicorp earnings lifted by special tax benefits

CITICORP, the largest US banking group, reported a sharp increase in third-quarter earnings yesterday though much of the gain resulted from exceptional items.

The group still expects to make a total loss of \$1bn this year because of the \$3bn provision it made against Third World loans in May.

Net income was \$541m equivalent to \$3.64 a share, up from \$247m, or \$1.64 a share, in the same quarter last year. For the first nine months, Citicorp made a loss of \$1.8bn compared with a profit of \$752m last

Citicorp's basic businesses earned \$235m, down \$11m on last year, largely because of the loss of \$45m in interest from Brazil which is not servicing its debts.

On the investment banking side, earnings from foreign exchange and securities trading were also down, but the individual banking

primary capital and its total assets

\$3bn debt provision.

and S139m in tax benefits from the

Although Citicorp made no direct reference to the upheavals in the provement in profits had resulted stock market, it said its dividend from an increase in non-interest inpolicy "reflects continued long-term come, a lower provision for loan

business registered a strong profits. Citicorp, the bank's basic business increase. was affected by non-payment of in-These results were boosted by an terest by Brazil, offset by recogniafter-tax gain of \$163m recovered tion of \$55m of excess value in the from overfunding the pension plan, pension fund.

Non-interest expenses were also down due to a programme of cost During the quarter Citicorp ob-tained Sl.lbn in new equity capital, which raised the ratio between its

included \$18.8m in exceptional tax 8.1 per cent on September 30 benefits without which net income from 6.6 per cent at the same point would have been \$127.6m, up 16 per

The bank said that the overall im confidence in the outlook for Cit-icorp as a uniquely positioned glo-bal financial institution." losses and higher net interest in-come. But there had been an in-crease in non-interest expenses.

Manufacturers Hanover, the sixth-largest US bank, said its third-quarter profits had risen 22 per cent to \$129m from \$107m in last year's third quarter. As with

Securities firms results mixed

BY OUR FINANCIAL STAFF

STREETS houses, which stand to be hit badly by the current shakeout in securi-ties markets, have announced mixed results for the third quarter.

Holdings, formerly a wholly-owned subsidiary of American Express, reported a fall in third-quarter net cents a share. It said the recent decline in equities had had a dislocating effect on the market but no impact on the company's financial condition.

Revenues were \$1.3bn compared with \$1.1bn a year earlier. Mr Peter Cohen, chairman, said

Shearson's third-quarter earnings reflected the diversity of its revenues and "progress in several core businesses resulting in higher com-mission, investment banking and

investment advisory revenues. ket making and principal transactions and an increase in expenses \$280.8m. from year ago levels."

The firm's better earnings, which Nine-month earnings were up also mark a sharp rebound from a from \$43.6m, or \$1.38, to \$120.6m, or The firm's better earnings, which

second-quarter hit by losses on bond trading, provided a measure of support for its stock price in the market collapse.

Mr Peter Buchanan, chief execu-

tive, said the firm's traders and in-\$21.1m, or 71 cents, previously. vestment bankers "experienced significant volatility in both the

debt and equity markets."

trading performance, with own-ac "These improvements were offset count revenues up from \$19.5m to by a decline in revenues from mar\$66.1m, while revenues from investment banking rose from \$175.4m to

E.F. Hutton, which over the past First Boston has increased its two days has firmly denied that it third-quarter net income by 50.5 per was having liquidity problems, cent to \$40.8m, or \$1.15 a share, on a managed a sharp increase in third-quarter earnings from \$3.6m, or 11 cents a share, to \$8.7m, or 26 cents.

income for the third quarter of \$14.8m, or 44 cents, compared with Nine-month net income was still higher, however, at \$65m, or \$2.01. against \$57.4m, or \$1.93, on reve-But the firm sharply improved its nues of \$1.89bn, against \$1.81bm.

This announcement is not an offering of the Notes which have been sold and appears as a matter of record only.

Can. \$100,000,000

Nordiska Investeringsbanken

10% Notes Due 1990

Prudential-Bache Capital Funding

A/B/C Union Bank of Norway

BNP Capital Markets Limited

Copenhagen Handelsbank A/S

Crédit Commercial de France

Kansallis Banking Group

Kleinwort Benson Limited

Union Bank of Finland Ltd

The Nikko Securities Co., (Europe) Ltd.

SwedBank (Sparbankernas Bank)

Den Danske Bank

Dresdner Bank

Generale Bank

Bankers Trust International Limited

McLeod Young Weir International Limited

Orion Royal Bank Limited

Wood Gundy Inc.

Algemene Bank Nederland N.V. Banque Bruxeiles Lambert S.A.

Caisse Centrale des Banques Populaires-Paris County NatWest Limited

Daiwa Europe Limited

Dominion Securities inc. **EBC Amro Bank Limited**

Goldman Sachs International Corp.

Kidder, Peabody International Limited

Mitsubishi Finance International Limited

Sumitomo Trust International Limited **Toronto Dominion International Limited**

Union Bank of Switzerland (Securities) Limited

October, 1987

productivity gains."

NATIONAL BANK OF CANADA **London Branch**

U.S. \$500,000,000

Euro-Certificate of Deposit Programme

Arranged by

MORGAN STANLEY INTERNATIONAL

Dealers

MORGAN STANLEY INTERNATIONAL

SWISS BANK CORPORATION INTERNATIONAL

S.G. WARBURG & CO. LTD.

Lictober, 1987

. 4

Procordia

to acquire

PROCORDIA, the Swedish

state holding company which was recently partially priva-tised, has agreed to acquire the

Reckitt Group, which is part of Reckitt & Colman, the UK household, toiletry and food products company, for SKrim

The Reckitt Group consists

of effice cleaning operations in Sweden and Denmark, and hos

Reckitt

offshoot

(\$15.6m)

28

U.S. \$100,000,000

MCorp

Floating Rate Notes Due 1992

Interest Rate Interest Period

97/16% per annum 21st October 1987

21st January 1988

Interest Amount per U.S. \$1,000 Note due 21st January 1988

U.S. \$24.12

Credit Suisse First Boston Limited Agent Bank

Bank of China

U.S.\$200,000,000

Floating Rate Notes 1992

S. G. Warburg & Co. Ltd.

In accordance with the provisions of the Notes, notice is hereby given that, for the six month period 21st October, 1987 to 21st April, 1988, the Notes will bear interest at the rate of 9½ per cent per amum. Coupon No.1 will therefore be payable on 21st April, 1988, at US\$12,072.92 per coupon from Notes of US\$250,000 nominal and US\$482.92 per coupon from Notes of US\$10,000 nominal.

BANK LIMITED US\$100,000,000

Rate Notes due 2011 (Redeemable at the option of the Noteholders in 1996 and 2006)

per US\$250,000 Note.

FIRST CITY BANCORPORATION OF TEXAS, INC.

OVERSEAS UNION

Subordinated Floating

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 21st October, 1987 to 21st April, 1988 has been fixed at 9%. The interest payable on the relevant interest payment date, 21st April, 1988, will be US\$12,152.34

erd Chartered Merchant Bank Lichted

U\$\$100,000,000 Floating Rate Notes due January, 1995

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period 22nd October, 1987 to 22nd January, 1988, has been fixed at 9½ per cent per annum. Interest will therefore be payable at US\$231.60 on 22nd January, 1988. MANUFACTURERS HANOVER TRUST COMPANY

TUNDRA GOLD MINES LIMITED

"WHAT IS EXCITING ABOUT THE TECK-TUNDRA PROJECT

AT THE LAMAQUE GOLD MINE, VAL D'OR, QUEBEC?"

"Answer"

"Part of the answer is below"

INTL. COMPANIES & FINANCE

Equiticorp agrees bid for NZ Steel

New Zealand group headed by entrepreneur Mr Allan Hawkins, yesterday announced an agreed A\$324m (US\$234.9m) takeover of New Zealand Steel, which is 89 per cent owned by

the Wellington Government.

Mr Hawkins, best known in Britain for his recent moves to acquire control of the merchant bank, Guinness Peat, acknowledged the purchase was taking the group into a new area. But he said the move was in keeping with Equiticorp's goal of building two distinctive oper-

ating arms, one in manufactur-ing industry and the other in merchant banking.
For the New Zealand Govern-

EQUITICORP HOLDINGS, the The authorities have consistent- equivalent of 40 Australian New Zealand group headed by Ty criticised the structure of NZ cents a share for all of NZ Steel, ly criticised the structure of NZ Steel, which was one of the "think big" projects of the previ-

ous government.
Earlier this year, the Government advertised for buyers. Only two companies showed an interest, and officials said both offers were far too low. The deal will give the Government Equi-ticorp shares which it will sell over a later period.

Mr Roger Douglas, Finance Minister, brushed aside criti-cism, saying the deal meant the-Government would have a sub-stantial sum in its reserves much earlier than it would have done had it waited to try to find a buyer at the higher cash price.

offering one Equitionrp share for every eight NZ Steel shares.
The state has agreed to accept the offer, and will receive A\$294m in cash for its Equiti-corp shares by March 20 next year. These shares will be sub-ject to options allowing Mr Hawkins's own companies to ac-

quire them and retain 40 per cent control of Equiticorp. Other shareholders in NZ Steel will have the choice of ac-cepting Equiticorp shares or 40 Australian cents cash for each NZ Steel share.

Following completion of the bid, Equiticorp will be joined by Fisher and Paykel, the white

According to Mr Hawkins, the offer places a value on Equiti-corp's shares of A\$3.17 each significantly higher than yesterday's level on the plunging New Zealand share market.

He said the acquisition would add immediately to the group's profits, strengthen its cash flow and increase its assets by some A\$810m.

NZ Steel, Mr Hawkins added, would continue to operate as an independent stand-alone manufacturer of steel. The present chairman and managing director would be invited to retain

their positions.

Apart from Fisher and Pay-kel, Equiticorp has stakes in Feltex, the New Zesland manufacturer, and Monier, the Australian building products group.
All are significant users of

a turnover of SKr378m, though SKr329m of this comes from SKr329m of this comes from Sweden. It made profits (after financial items) of SKr9m last year and has a staff of 3,000.

The British group said this deal marked the completion of its divestment from industrial cleaning where its operations in the UK were sold earlier this month to BET's Initial Services offshoot for £12.75m (\$21.4m).

(\$21.4m).(\$21.420).

Beckitt added that it would now be able to concentrate more resources on international branded consumer products establish a joint venture producing specialised integrated circuits for the European market.

and pharmaceuticals.

Procordia said that it is planning to build up its existing small-scale office cleaning operations as part of its ser-vices division. Presently, Provices division. Presently, Pro-cordin has an office cleaning business in Norrhoeping which it said is geographically-complementary to the Reckitt group operations in Sweden. The service division ac-counts for about 25 per cent of group furnouse.

group turnover.

Mr Goran Linden, deputy head of Procordia's services section, said that the aim is to build up the service division so that customers could be of-fered a range of services. Procordia has a hotel/catering chain called Sara and a security/watchman service called

Abab. With the office cleaning service we can offer customers a more complete service concept

ment, it is a long-sought exit from a business in which it acquired control in return for taking on the company's debt load. The New Zealand Govern and Superior Banesto to cut stake in Agroman to 41%

BY DAVID WHITE IN MADRID

BANCO ESPANOL de Credito holders and employees of the (Banesto), the Spanish commercial hanking group, has applied to place 30 per cent of the capilong-standing ties with Agrotal of Agroman, the country's man, took its majority stake last second largest construction year in a Ptal7bn operation to BANCO ESPANOL de Credito (Banesto), the Spanish commercial hanking group, has applied to place 30 per cent of the capital of Agroman, the country's second largest construction man, took its majority stake last second largest construction man, took its majority stake last second largest construction man, took its majority stake last year in a Pta17bn operation to boost the company's equity base and reduce its burden of debt ing its own holding to 41 per cent. The operation is worth a total Pta9.5bn (\$\frac{1}{2}\$\text{min}\$).

The 2.3m shares, nominally rained at Pta750 each, will be priced at Pta4.125 each, and part of the total will initially be placed among Banesto share-

Agroman's net earnings improved fivefold last year to Pta232m on sales of Pta232n, which each company would own a third along with other undisclosed investors, would be based in Spain and have assets of some \$30m. It added that Telefonica would invest some \$5m and the company is forecasting net profits of Pta900m for this year and Pta2.2bn in 1968. Teleferica, the Spanish tele-ommunications utility, is ex-in CMD shares

PHILIPPINE AIRLINES (PAL), the state airline which is destined for privatisation once its financial position stabilises, returned to a 318m peso (\$15.1m) net profit for the year to March

against a 1.9m peso loss, Renter reperts from Manila.

The profit, the first for six years, came from an increase in

PAL back in the black

the number of passengers car-ried and reduced operating ex-penses, according to Mr Dante Santos, PAL president.

Operating revenues rose to 10.04bn pesos from 8.15bn pesos while operating expenses fell to 8.52bn pesos from 8.72bn pesos. Passenger revenue rose 25 per cent to 7.67bn pesos and cargo revenue 23 per cent to 1.12bn

CMD said the project, in

Last August government offi-cials said the planned privatisa-tion of the flag carrier would be postponed for at least three years to allow it to improve profitability.

Carnegie well ahead at eight months

cial items to SKr157m (\$24.9m)
for the first eight months of 1987, helped by the stronger performance of the retailing and wholesale business areas.

Group sales rose by 5 per carries to SKr13.189bn.

Group SKr13.189bn.

Group SKr13.189bn.

Group sales rose by 5 per carries to SKr13.189bn.

Group sales rose by 5 per carries to SKr13.189bn.

CARNEGIE, the Swedish retail- pects full-year profits to exceed losses were reduced from ing, wholesale, property man-the 1986 figure of SKr344m after SKr75m to SKr61m. agement, and financial services financial items.

Carnegie's brokerage and fi-nance operations showed a fall in income after financial items from SKr220m to SKr180m. Bro-1987, helped by the stronger are normally associated with performance of the retailing and wholesale business areas.

Group sales rose by 5 per cent department store chain, rose by the stronger are normally associated with kerage and commission revenues fell by 20 per cent to SKr130m due to lower volumes on the stock exchange at the start of the year.

U.S. \$75,000,000 **SWEDBANK** (Sparbankernas Bank) bordinated Figating Rate

October 21, 1987

U.S. \$400,000,000 National Westminster Cinzuce D. V.

(Incorporated in The Netherlands with limited liability) **Guaranteed Floating Rate Capital Notes 2005**

In accordance with the provisions of the Notes, notice is hereby given, that for the six months interest Period from October 21, 1987 to April 21, 1988 the Notes will carry an interest Rate of 9.5% per annum. The interest payable on the relevant interest payment date, April 21, 1988 against Coupon No. 6 will be U.S. \$482.92.

By: The Chase Manhattan Bank, N.A. London, Agent Sank

October 21, 1987

Floating Rate Subordinated Capital Notes due 1997 Capital Notes due 1997
Noteholders are advised that for the interest Period from August 21, 1987 to November 20, 1987 Inclusive, the sum of U.S. \$208.67 will be payable on the interest payment date, November 23, 1987, per U.S. \$10,000 principal amount of Notes. Christiania Bank og Kreditkasse (Incorporated in the Kingdom of Norway with limited hability)
U.S.\$100,000,000
Floating Rate Subordinated Notes Due October 1997

Notice is hereby given that the Rate of Interest has been fixed at 9.6875% and that the interest payable on the relevant Interest Payment Date April 21, 1988 against Coupon No. 5 in respect of US\$10,000 nominal of the Notes will be US\$492.45 and in respect of US\$250,000 nominal of the Notes will be US\$12,311.20. October 21, 1987, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

RED NACIONAL DE LOS PERROCARRILES ESPAÑOLES ECU 100,000,000

The Kingdom of Spain Holders of Notes of the above issue are hereby notified that for the interest period from 22nd October, 1987 to 22nd January, 1988 the following will apply: 1. Rate of Interest: 81/4% per annum 2 Interest Amount payable on Interest Payment Date: ECU 206.04 per ECU 10,000 nominal or ECU 2,060.42 per ECU 100,000 nominal Interest Peyment Date: 22nd Januar

Bank of America International Limited



London 27 & 28 October 1987



For information please return this advertisement, together with your business card, to:

Financial Times

2nd Floor, 126 Jermyn Street, London SW1Y 4UJ

Telefax No. (505) 256-3188

"This plant is capable of 1,800 tons per day."

For additional information

Tundra Gold Mines Limited

(Listed on the Vancouver Stock Exchange, Symbol TDA V)

Summit Office Building, Suite 200

4001 Indian School Road, N.E.

P.O. Box 30107

Albuquerque, New Mexico

U.S.A. 87190

Telephone (505) 262-2323

The Lamaque Mine-Mill Complex

U.S. \$250,000,000 **Security Pacific** Corporation

clober 21, 1987



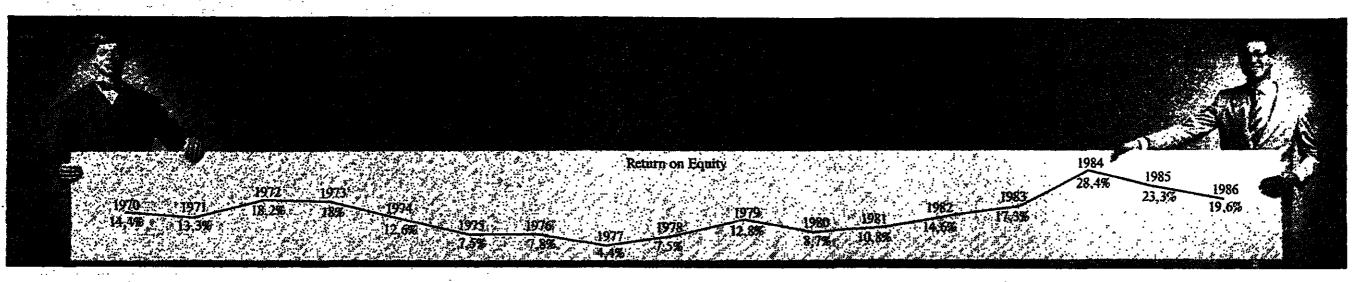
Conference Organisation

Alternatively, telephone 01-925 2323 telex 27347 FT CONF G Fax: as tel no.

The state of the s

1975 == ==

Volvo's Law of Averages. For the Astute Investor.



Volvo has paid a dividend every year since 1935 when its shares were first introduced on the Stockholm Stock Exchange.

Volvo's dividends have never been lowered. In fact, over the past five years they have increased 19 percent on average each year.

A Volvo share purchased a decade ago has provided a 26 percent average annual return on its initial investment.

Volvo shares, viewed over this period, have represented steady, stable growth for canny investors.

Volvo has reported a 21 percent average return on equity over the past five years.

Patience and persistence are important values for Volvo. As we believe they are to the astute investor.

Since its birth 60 years ago, Volvo has broadened its operations to encompass cars, trucks, buses, aerospace technology, marine and industrial engines, and food, trading and financial operations.

What gives Volvo a competitive edge over and above its products and services?

Our answer is sound management, excellent financial strength, top labour relations, and the ability to develop new products and markets.

For Volvo's Law of Averages, read positive return on investment, good profits, stable production, creative management, quality employees and products, broadening operations within existing business sectors, and a commitment to the future.

AB Volvo, S-405 08 Gothenburg, Sweden. Telephone: +46-31-59 1761.

VOLVO

16

OLYMPIA & YORK

Olympia & York Eurocreditco Limited

Can. \$100,000,000

11 1/2 % Secured Debentures due 1992

Price: 101,35%

McLeod Young Weir International Limited

Burns Fry Limited

Crédit Lyonnais Dominion Securities Inc.

Manufacturers Hanover Limited

Bank of Montreal Capital Markets Limited Commerzbank Aktiengesellschaft

Banque Bruxelles Lambert S.A. Credit Suisse First Boston Limited Dresdner Bank Aktiengesellschaft

Deutsche Bank Capital Markets Limited Goldman Sachs International Corp. **Prudential-Bache Capital Funding**

Hambros Bank Limited Security Pacific Hoare Govett Limited

Westdeutsche Landesbank Girozentrale

October 1987

This announcement appears as a matter of record only



TÜRKİYE GARANTİ BANKASI A.S.

ISTANBUL-TURKEY

USS 25,000,000 **Pre-Export Finance Facility**

American Express Bank GmbH

American Express Bank CmbH

Amagerbanken A.S. Arab International Bank, Cairo Banco Borges e Irmão, Paris Branch Banco di Santo Spirito, London Branch Banco Exterior-Deutschland S.A. Cassa di Risparmio di Torino, New York Branch Commonwealth Bank of Australia

Deutsche Verkehrs Kredit-Bank AG Landes-Hypothekenbank Tirol London and Arab Investments Limited Privatbanken A/S Raiffeisenverband Salzburg Salzburger Kredit- und Wechsel-Bank AG Schoeller & Co. Bank AG



American Express Bank GmbH



Industrial Equity Limited

Annual Result 1986/1987

Profit after tax & minorities Earnings per share* Dividends per share*

Year to 30 June 1987 AUD1,579 million AUD230.1 million 40.5 cents 10 cents

30 June 1986 AUD1,174 million AUD145.3 million 33.6 cents 6.5 cents

Change

+34.5% +58.4% +20.5%

+53.8%

"Earnings & dividends per share have been diluted on a time weighted basis for bonus and cash issues.

Industrial Equity Ltd market capitalisation at 25 September 1987: AUD 3.7 billion Twelve Month Highlights

Net profit increased by AUD84.8 million to AUD230.1 million

☐ Capital funds increased by 67.3% to AUD1.69 billion

Cash and undrawn facilities in excess of AUD1.6 billion

For further information on the group, please write to the Secretary, Industrial Equity Ltd., Box 3267 GPO, Sydney NSW 2001 Australia

US. \$125,000,000

A Momentum Company

Floating Rate Subordinated Capital Notes Due 1997

14th May 1987 16th November 1987

Interest Amount per U.S. \$50,000 Note due

16th November 1987

U.S. \$2,036.71

Credit Suisse First Boston Limited Agent Bank

US. \$100,000,000



Floating Rate Notes Due 1992

Interest Rate

U.S. \$100,000 Note due

Credit Suisse First Boston Limited Agent Bank



Collateralized

99/16% per annum

Interest Period

21st October 1987 21st April 1988

Interest Amount per

Stephen Fidler reports on the whipsawing world bond markets Fixed-income values reassessed

workld bund markets whipsawed violently yesterday as in stock markets can benefit
collapsing share prices led to bond markets, the collapse of
reassessment of values of stock prices so far has not presfixed-income securities. Again,
the US Treasury bond market
led the way, where bond price
swings were unprecedented.
US stock market may contain
The price of the benchmark 30wear bond, which dropped beise some of the US bond maryear bond, which dropped be-ise some of the US bond mar-low 88 on Monday, rose to a high ket's dominant concerns, name-

ket, particularly on Treasury bills where yields dropped by as much as 1% percentage points.

Most dealers and analysts admitted they were at a loss to explain why yields on a US government bond maturing in the year 2017 should fluctuate more than one percentage point in a

Much of the sharp rise late on Monday and early yesterday could be put down to frantic covering of short positions by bond trading houses which suddenly found themselves on the denly found themselves on the wrong side of the market. Many of these houses probably suffered what the Americans call a "double whammy." carrying inventories of shares where prices were falling and carrying short positions in bonds which were going up in price. Undoubtedly though, several factors, most linked to collapsing stock markets, have become apparent which suggest investors had become too bearish on bonds. The prospect that bond

bonds. The prospect that bond markets could well provide a home for the funds which have deserted the beleaguered stock markets certainly helped senti-ment for fixed-income securi-

Nevertheless, sellers in the US stock markets on Monday will not be able to access their funds until next Monday, after innos tintil next Monday, after the seven-day settlement peri-od. So it is not this money which has made its way into the bond markets. "There are a lot of doubts about how faithful these new investors will be to the bond market," said one US Trea-sury bond dealer in London

sury bond dealer in London.

Before the share price collines in bond prices had pushed bond yields to an unsusting letter the state of the share price shad pushed bond yields to an unsusting letter the share treatment of the surface of the share treatment of the surface of th tainable premium over stock stock mark yields. While there is a limit to lous state.

Handelsbanken

options trading

SVENSKA Handelsbanken, Sweden's third largest com-mercial bank, has fired two employees for illegal options trading which could involve losses of up to SKr100m (\$15.9m).

was not connected with the stock market free-fall and the illegal transactions had taken place over the last mouth. They were uncovered during reu-tine checks on Monday even-

The two employees are an options broker at Handelshan-ken's main office and a branch manager. The two have been sacked for "acting totally be-yond their instructions," trad-ing in their own names and for customers. Mr Tom Hedelius, Handelsbanken's chief execu-tive, has informed the police and the bank inspection beard. The bank may pursue legal ac-

The bank may pursue legal ac-tion against the two employ-

between SKr50m and SKr50m, at a time of great uncertainty in the equity market. However, Handelshanken is insured for losses up to SKr200m under the clause of malicious acts against the honk.

Though this is the first incident of this kind at Handelsbanken, there have been several cases in Sweden recently of improper options trading resulting in considerable losses for the organisations involved.

Steep fall at

By Our New York Staff

Allied-Signal

ALLIED-SIGNAL, the diversi-fied US industrial group with interests in antomotive and serospace components and en-gineered materials, has report-

ed sharply lower third-quarter

earnings.

Net income was \$174m or \$1.62 a share in the September quarter, against \$164m or 91 cents last year. But the latest results include a \$82m or 49 cents a share gain from the united Texas Petroleum Holdings subsidiary. Sales increased from \$2.44bn to \$2.68bn.

Mr Edward Hennessy, chair.

Mr Edward Hennessy, chairman, said operating income and margins were up is the automotive business and the engineered materials divisions, which includes chemicals, plastics and fibres, by 8 per cent and 33 per cent respectively.

But a hig increase in deval-

But a big increase in devel-

opment spending and more competitive bidding for US government contracts caused a 45 per cent drop in net income

from serospace components.

At the nine-month stage net income was \$520m or \$3.01 a share, against \$536m or \$2.88.

Revenues rose by 11 per cent to

fires two over

By Sare Webb in Stockholm

of 98% yesterday, before closing in Europe at about 95, nearly 4 higher interest rates and higher points up on the opening.

But most activity focused on the shorter end of the US martiselled at the shorter end of the US martine shorter end of th

Quiet day for new issues

AMID THE turmoil in the world's bond markets, the new market was quiet yesterday.

A two-tractice Bank of Mismi was brought to market by Ban-que Paribas Capital Markets and IBJ International. The and IBJ International. The first Y2.7bn non-callable tranche carries a 6 per cent coupen, a 1992 maturity and a 101% issue price while a second carries a 1994 maturity, 5% per cent coupen and a 161% issue price. The bonds are not expected to trade widely.

ways. They make it more expensive for companies to raise capital through new share issues. slowing the pace of investment spending, and reduce the the wealth of investors - some \$500bn was wiped off US inves-tors' balance sheets on Monday alone - which could be expected to lower consumption spending

Both can be expected to increase the prospect of a slow-down in growth, reducing the chances that interest rates will be pushed higher and heighten-ing the chance of recession, and to reduce spending on imports,

More immediately too, the Federal Reserve, which undermonetary conditions when the stock market is in such a precar-

Shrinking demand can also be expected to calm fears about inflation. Mr Larry Anderson, chief economist at Deutsche Bank Capital Markets in London, says: "The inflation fear has been misplaced."

Mr D. Sykes Wilford of Drexel Burnham Lambert in London, commented yesterday: "With this potential fall in aggregate demand, concern will shift from inflation to deflation."

A \$190m Japanese equity warrant issue for Intec was withdrawn by Nikko Securities following sharp declines in the Tokyo stock market. The possible pulling of a number of other equity warrant issues both in dollars and Swiss francs is being considered in view of the lack of demand for warrants.

In lire, the European Invest-ment bank brought a L198bn six-year straight bend with a par price and 12 per cent con-pon through Cariple. A two-tranche issue for Cen-

being considered in view of the lack of demand for warrants.

In Swiss francs, where in secondary trading straight foreign bonds fell by about a point while the Japanese equity linked sector was under extreme pressure with some bank convertibles down by as much as 20 polints, Kyushu Electric Power launched a Sfr150m seven-year straight bond with a 5% per cent coupon and a par issue price through Swiss Bank. Poehl, who described inflation fears in Germany as exagger-ated and unjustified. Indeed, the prospect for interest rate increases in West Germany, Japan and the UK seems to have faded with the crashing share prices. The extent of falls in stock markets has focused attention

on the differences between in-

on the differences between investors in shares and those in bonds. The debatable hypothesis is that, in contrast with bonds where institutional investors dominate, more and more small, less sophisticated investors now posticipate in investors now participate in share markets worldwide. Seli-ing by small investors of shares, and unit trusts, makes for a des-tabilising influence, the argu-ment trusts.

Helping steady the bond markets after Monday's nervousness was renewed confidence in the Louvre accord on currency stability, fostered by the private sues.

retary, and Mr Gerhard Stoltenberg, the Finance Minister of West Germany.

The February agreement was critical to West Germany and remained in place, Mr Stoltenberg said yesterday, a factor in the subsequent strength both in the dollar and the dollar bond markets. Both weakened early on Monday on the belief that a break-up of the agreement would result in a still lower dol-

One possible corollary, though, to the exchange rate stability which Mr Poehl and Mr Stoltenberg were yesterday as-suring the world was possible is often interest rate instability, And there was no shortage of that in the world's bond mar-kets yesterday.

With the Bundesbank carry-ing out repurchase agreements at a fixed rate of 3.8 per cent-after last week accepting bids at an average rate of 3.85 per cent-confirmed expectations that it would indicate lower money

would indicate lower money market rates. The domestic government bond market gained by an un-precedented 395 basis points at the top end, while Eurobond prices gained by up to 1½ points at one stage, easing by some 15 basis points late in the day. The Japanese government bond contract on the London In-

bond contract on the London In-ternational Financial Futures Exchange rallied 200 basis points in lunchtime trading, but fell back later. In trading of the physical bonds, the banchmark No 89 government bond closed with a yield of about 5.91 per cent, compared with 6.11 per cent yesterday. Euroyen issues were about % points firmer at the longer end. the longer end. In French trancs, trading was

halted twice on the MATIF fu-tures market for the maximum permitted upward movements. The active December contract closed the day over 6 points higher.
Guilder bonds opened up by about a point, rallied to three points better before ending the

day up by 1½ to 2½ points. Ecu bonds ended the day about 1 to 1½ points better.

The volatility led to the virtual cessation of trading in large areas of the Eurobond market yesterday. Little business was done in any equity-linked is-

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an ad-US DOLLAR STRAIGHTS

| State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | State | Stat

34169 LINES				-	
	أدومنا	84	erre-	day week	Yield
African Dev.Bk. 55 96	300	1993	99%	0 -01	
AMR Corps. 54 01	200	*18B	86		
Adition 5 02	150	1935			
Bayes W/W 21 ₂ 02	750		ııı		
100 WALL 91, 07	300	1985			
881 W/W 24, 97 Elec.De.France 5 07	100		983		
	700	1971,			
E18.4397		4937			
E184,97		*192%		0 -3%	5.65
Econ Guizek 5 99	700	4964	964	0 -15	5.30
Ireland 5 02	150	4921		0 +0%	5.78
Newfoundland 51g 02		*1991	991	0 +0%	
Pathy Pack 6 92	75.	11021	1000		5.33
Prov.of Manitobs 41, 02	200	1945			
MAN 'OL MESSINGS AN' AN	200	1277		0 +02	
Prov. of Quebec 5 CS	200	4954	95%	0 ±1	5.3
Quebus Alineans 41, 97		*1913		O −05°	
SHY Holdings 45, 94		r1981	983	0 -04	5.03
Trater 44 97	100	4957	73%	0 -0%	5.37
THT 5 95	100	1992	. 995	0 +04	5.06
Woolpick B/S 472 92	120	-1941	943		
World Bank 5 OZ		*1917			
Average price classes		be Dec	<u></u>		
SAMPLE SAME AND ADDRESS		-, -	-	-2	

Closing prices on October 20 American Brand 95 94 £
American Express 05 £ 10 94
Berges Bash 15 90 AS
BP Capital 134 92 AS
BP Capital 134 92 AS
Chryster Crp 10 97 £ 5
C.O.E. 83, 95 LF
Creditassian 134, 90.
Demark 74, 92 ECU
D6 Fin. Co. 134, 90 AS
D6 Fin. Co. 134, 90 AS
D6 Fin. Co. 134, 90 AS
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D6 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 194, 97 £
D7 Fin. Co. 19

Sprand BM

.0312 99.96
.08 99.01
.0 99.48
.04 99.50
.04 98.72
.04 98.72
.05 99.41
.1 99.40
.1 99.40
.07 99.42
.07 99.42
.07 99.42
.07 99.42
.07 99.43
.0 99.40
.0 99.40
.0 99.40
.0 99.40
.0 99.40
.0 99.40
.0 99.40
.0 99.40 EEC 3 92 DM Hallifan SS 5 94. Milk and Bunk (1) 5. Milk Mic.Brd, 5 936. New Zealand 5 97 5. New Zealand 5 50. Shearson Lehman Hick 91. United Kingdom 5 92. Woodside Fig. 54, 97. Woodwich 5 95 6.

A L C M T E L

CIT

"Alcatel E10 makes ISDN a reality."

Telecom France just introduced the RENAN network, first commercial opening of Integrated Services

Digital Network in France.

Alcatel E10 is the key to ISDN in France, and 57 countries around the world have preferred the Alcatel E10 digital switching system.

18,000,000 subscribers are connected to this system.



Beazer profits show £41m advance

RECORD pre-tax profits of completions in the US in the 172.3m were announced yester-day by C H Beazer, international Good progress was made with property and building group, for the year to June compared with £31.1m last time. Included are full-year figures from Kier and an eight-month contribu-

and an eignt-month contribu-tion from last November's US acquisition, Gifford-Hill. Turnover for the year dou-bled, from £507.1m to £1.03bn. To reflect the group's performance the directors are proposing a 15 per cent increase in the total dividend to 5.37p (4.67p) with a final of 3.62p (3.14p). Earnings per 10p share rose from 17.21p to 20.12p basic and from 15.85p to 19.03p diluted. Mr Brian Beazer, chairman, reported that housebuilding both in the UK and US, had

in April 1987. The directors

its UK property activities in both development and invest-

ment Kier, which has been consoli-dated for the full year for the first time, achieved increased

turnover and profits, principal-tythrough organic growth.

The directors said Kler had successfully made the transition from being primarily a civil engineering company to becoming one of the leading international contractors with a wide range of skills.

Gifford-Hill, Beazer's most important acquisition in the past year, achieved its results, the chairman said, despite the withdrawal of tax incentives on

traded well in the year and all regions performed in excess of budget. Average sales price rose from £36,100 to £47,500.

In the US there were 508 (255) completions through the company's Atlanta operation and Phillips Builders, the largest housebuilder in Nashville, acquired in April 1887. The directors were buoyant and the kets were buoyant and the group was exceptionally well



Brian Beazer, chairman.

placed to achieve organic growth and the further develop-

comment

C.H. Beazer yesterday topped nearly everyone's expectations, and the attractiveness of the shares is boosted not only by good prospects for the coming year, but by Mr Beazer's indica-tions that the large paper issues of recent years have come to an end Future acquisitions will be for cash, with the group's cur-rent borrowing at £130m, com-pared to shareholders funds of £450m. Those share issues supported a geographic spread of the group to the US and the Far East, and took it into several sectors of the building industry, all of which makes the group far more resilient. Only a substantial rise in interest rates looks capable of halting Beazer's fast growth. Pre-tax profits of £105 in the current year would put the shares on a prospective multiple of 9.5, after yesterdays ment of its business.

The pre-tax result was after a doubling of interest charges to £18.4m (£9.5m).

multiple of 9.5, after yesterdays 27p fall in prices to £21p. Unless all standards for valuing

Goodman Fielder lifts RHM stake to 29.9%

By Mike Smith

Goodman Fielder, Austra-lian food manufacturer, took advantage of the bear market in London yesterday to buy 31m shares in Ranks Hovis McDougall, taking its stake in its British counterpart to 29.9 per cent.
Ranks immediately de-

nounced the purchases as a hostile move which is wholly unwelcome and which is not in the long term interests of shareholders."

Goodman, which previously owned just under 21 per cent, said it had no intention of mak-ing a full hid and 'would not contemplate doing so over the next six months in the absence

next six months in the absence of a material change in the circumstances' of Ranks.

The company said it wanted talks on co-operation in common business areas and wanted representation on the Ranks board.

Ranks said it was prepared to discuss possibilities for co-operation but made no comment on the request for board representation.

on the request for board repre-sentation.
Goodman, which first bought into Ranks in August last year, began its latest purchases at about 10 o'clock yesterday morning following a 25p fall in Panks' share wise on Monday.

Banks' share price on Monday. Buying from a number of insti-tations it paid 348p a share. Banks' shares finished yeaterday down 19p at 315p. At that price the company is capi-talised at more than £1.06bn. Although yesterday's statement is likely to rule Goodman out from making a bid for six months, under the Takeover Code, many analysts expect the launch of a takeover to be

Goodman's eventual aim.

"Host people expect a bid to
come within a year," said Mr
John Baxter, analyst at Kleinwort Grieveson Securities.
You do not need to invest £330m for joint ventures and

Mr Peter Large, a corporate finance director at Heare Gov-ett, advising Goodman, said Goodman had been considering increasing its stake in Ranks for some time but the move had hinged on availabili-ty of shares and price.

PHOENIX TIMBER GROUP has acquired Dransfield Tim-ber from Evered Holdings for a cash consideration of £411,000.

Wembley Investment in reverse takeover of GRA

vestment, the 100 per cent own-er of Wembley Stadium in a move which gives control to Wembley.

The takeover values the privately-owned Wembley Investment at £68.5m, which GRA will pay by issuing 36.86m new ordinary shares of 5p each and 9.78m deferred convertible non-voting shares of 5p each.

Wembley will hold approxi-mately 51 per cent of GRA's is-sued ordinary share capital, with the 36.86m new ordinary shares and assuming the de-ferred shares are converted in

Mr Brian Wolfson, chairman of Wembley, will be appointed chairman and chief executive of GRA. Mr Tony Clegg, chairman of the Mountleigh property group, Mr Jarvis Astaire, sports and entertainment promoter

tained. There is a renaissance in greyhound racing, we have no

plans to discontinue the grey-

hound operations." GRA owns six greyhound stadiums, in Edinburgh, Birmingh-am, Fortsmouth, Manchester and two in London - Wimbledon and Catford

Wembley has enjoyed in-creased success in the last 18 months. Combined operating and rental income has risen from £11.1m to £15m. Last year, 3m visitors used Wembley's fa-cilities, over 5m are expected in the current calendar year. The shareholders of Wembley have undertaken not to dispose of any new GRA shares for 12 months after completion of the

acquisition. The board proposes
The value of the new ordinary
shares, based on GRA's 150p

dend is considered.

GRA Group, greyhound racing and Mr John Davey, BET directors.

share price when it was track operator and property tor, will be directors.

September 8, is company, is buying Wembley In
Mr Wolfson said yesterday 555.3m. On the same basis, and GRA's racing side would be re- assuming all the deferred shares are converted, their value would represent an additional £13.2m.

GRA also reported its interim figures yesterday, for the six months to June 30, 1987. Pre-tax profits were £853,000, compared with £548,000 for the six months to April 30, 1986, on turnover of

£5.52m (£5.12m).

The tax charge was £300,000, compared with £208,000 last time. An extraordinary credit of £9.10m (£379,000) represented the surpluses arising from the sale of the Harringay Stadium in north London and Glasgow's Shawfield Stadium

Earnings per share, before the extraordinary credit, were 1.28p, compared with 0.79p. There is no interim dividend. The board proposes to take this into account when a final divi-

more clubs are scheduled for

Nigerian setback for Paterson Zochonis

ATALL of over 21 per cent from £42.29m to £33.26m in pre-tax profits of Paterson Zochonis, manufacturer of soaps toiletries and pharmaceuticals for the year to May 31 is accompanied by the warning of a further 25 per cent reduction in profit in the half year to November 1987, compared with the same period of 1986.

operations in Nigeria, where the fall in the value of the Nigerian currency from the equivalent of 61p in May 1986 to 14p in May 1987 and the effect this had when translating local currency profits into sterling has more than accounted for the reduc-tion in profit.

Tight monetary policies operated by the Nigerian government have reduced consumer purchasing power and demand, so that production has had to be

pressed £1.24m to £2.18m. The directors are proposing to lift the dividend total by 37 per cent to 9.6p with a final up from 5.4p

GR profits jump 76%

GR (Holdings) increased pre-tax ests including processing and profits by over 76 per cent in the year to June 30, from a defurs, property transactions and

siderable overstocking in the market generally and competition naturally is strong, said Mr John Zochonis, the chairman.

Profits of the Cussons group showed a further satisfactory increase with the UK, Australian and Kenyan companies all doing well. A small soap factory has been acquired in Thailand and the new factories in Australia and Kenya should be seen lia and Kenya should be com-missioned in the coming year. Minerva in Greece had its best year to date but the Interparco group companies were badly hit by depressed condi-tions affecting most of the West and Central African countries where they operate. In the cur-

rent year, the Nigerian naira has been relatively stable around 14p and the government continues to pursue stringent

deflationary policies.
Elsewhere, all Cussons

Turnover fell last year from £241.73m to £207.93m and operating profits were down from £25.88m to £18.97m. The share of profits of related companies mounted to £5m (£10.4m) while investment income, less interest payable, was £9.29m (£6.02m).

Taxation was (£20.95m) and minority interests £35,000 (£185,000). Helped by a lower proportionate tax charge, earnings per share were only slightly lower at 42.74p (42.97p). The proposed final dividend is 5.35p (4.85p) per 10p share to make a total of 7.1p (6.5p).

based shopfitting group which was floated on the USM in May,

yesterday announced a 34 per

An interim dividend of 1p is aging.

operations and Minerva have made a satisfactory start to the year.

Turnover fell last year from figure from figur year the exchange rate has steadied but Nigerian consum-er spending has dropped and the outlook is for a further 25 per cent fall in group profits.
Paterson nevetheless retains its
unshakeable faith in the
long-term outlook for the Nigerian marketplace and rejects any notion of a pull-out. Against this background the group's £30m or so of cash and liquid investments would make it look like a

walking rights issue were it not for the the presence of a con-trolling family shareholding. As it is, the main attraction to the investor remains the sight of the interplay between one of Cussons continues to do mod-estly well for Paterson Zochon
Britains' most cautiously man-aged companies and one of the world most volatile markets.

The directors said that even after taking into account recog

nised seasonal trends, most contracts being completed in the second half of the year, the results were extremely encour-

Sharp & Law 34% ahead Sharp & Law, the Bradford- being paid.

Leisure Invs doubled to £1.9m

Leisure Investments, operator (2.97p) and the directors are f amusement centres and proposing a final dividend of nooker clubs, which earlier 1.095p for a total of 1.45p. Last his year unsuccessfully bid for year there was a single final of amusement centres and snooker clubs, which earlier this year unsuccessfully bid for

and ne was very control of their strength for the future. On turnover up 82 per cent to their strength for the future. He said that the snooker division performed as expected more than doubled from £808,000 to £1.86m. Earnings per thelping income. A club in Surrey is being acquired and two

this year unsuccessfully bid for year there was a single final gradient of GRA Group, reported record payment of 0.355p.

If Stephen Forsyth, chairman, said that the core activities would continue to expand and he was very confident of their strength for the future.

On turnover up 82 per cent to

The amusement division again performed well. In the present year an agreement has been signed with Sheraton Hotels for the mangement of a casino in Istanbul.

opening next year.

Other developments included the beginning of trading by the catering division towards the end of June and the acquisition of the Tony Roma UK franchies.

United Guarantee takes up option on DRX stake BY DINA MEDIAND

United Guarantee (Holdings), distribution, services and energy company, is to exercise an option to subscribe for 1m common (ordinary) shares in DRX, a US company, at 50 cents (31p) per share, the company announced yesterday.

DRX is being developed into a gold and precious metals in restment streng following a re-

vestment group following a re-cent private placement of 3.5m new ordinary shares at 50 cents a share and the sale of its energy interests earlier this year. It seven warehouse is listed on Nasdaq and the Bos- £770,000 in cash.

ton stock exchange.

The option will give United just under 15 per cent of the enlarged capital of DRX and is be-

Clarke, chairman.
United also announced the completion of the acquisition of the Acquisit

BDA sharply ahead at £0.5m

BDA Holdings, the London housebuilder which came to the market in May, yesterday reported pre-tax profits up from £189,000 to £459,000 in the half year to July 31. Turnover grew from £1.12m to £1.69m. ing exercised in order to provide an investment stake in the company, said Mr Robert Glarke, chairman.

In addition to its internal growth, the company was examining a number of acquisition receivilities.

seven warehouses in the UK, for As foreshadowed, the interim £770,000 in cash.

This advertisement appears

All of these notes having been sold, this announcement appears as a matter of record only. 29 June 1987

the operation of Grayshott Hall, cent increase to £229,000 in which provides health and leisure facilities. Its turnover for the year fell from £23.26m to £21.64m.

An interim dividend of 1p is

NZI Capital Corporation

(Incorporated with limited liability in the State of Delaware, United States of America).

¥ 10,000,000,000

Guaranteed Floating Rate Notes due 1992

Interest will be at a Rate of 0.6 percent per annum below the Long Term Yen Prime Rate.

Unconditionally guaranteed as to payment of principal and interest by

NZI Corporation Limited

(Incorporated with limited liability in New Zealand)

Nomura International Limited

Taiyo Kobe International Limited.

New Issue October 21, 1987

LEYKAM-MURZTALER

Papier und Zellstoff Aktiengesellschaft

Gratkom, Republic of Austria

DM 100,000,000 6½% Bonds of 1987/1994

and Warrants to subscribe for bearer shares of

*L*EYKAM-MURZTALER Papier und Zellstoff Aktiengesellschaft

Offering Price: Recevment: Subscription Right:

6½% p. a., payable annually on October 21

October 21, 1994 at par with each bond in the denomination of DM 1,000 five bearer warrants are issued by Leykam-Mürztaler Papier und Zellstoff AG entitling the bearer to subscribe for the total of 28 bearer shares of Leykarn-Mürztaler Papier und Zellstoff AG at the subscription price of AS 376 per share. The warrants may be exercised from December 1, 1987 through October 21, 1994.

Listing: – Bonds

Frankfurt am Main Frankfurt am Main and Vienna

Deutsche Bank

Bayerische Vereinsbank

Algemene Bank Nederland N.V.

clays de Zoete Wedd

Banca della Svizzera Itali: Compagnie de Banque et d'investissament -DG BANK

EBC Amro Benk

Bank N.W. (Overse Marcard, Stein & Co. Morgan Stanley GmbH

kmann, Wirtz & Co.

Trinkaus å Burkhardt KGsA

Creditanstalt-Bankverein

Baden-Württembergische B Bank für Arbeit und Wirtsch

Bank J. Vontobel & Co. AG

Enskilda Securities Skandinaviska Enskilda Limitet Girozentrale und Bank

Georg Hauck & Sohn B

en-Zentrali

Bayerische Hypothei

Chase Bank Aktienge

Delbrück & Co.

B. Metzier seel. Sohn & Co. Daterreichlsche Volksb

(Deutschiend) AG

CSFB-Effectenbank

Bayerische Landesbank

Deutsche Girozentra - Deutsche Kommunalba

Dresdner Bank Aktiengesellscha

Leu Securities

Benque Paribas Capital Markets GmbH

BNP S.A. & Co. (Deutschland) OHG

Commerzbank Aktiengesellschaft

Groupement Privé Genevois S.A.

Bank für Kärnt

as a matter of record only.

UK COMPANY NEWS

Market slump hits issues and bids

THE SHARP decline in London share prices has disrupted the UK new issue market and is making itself felt in the few contested takeover battles now underway. The potent power of a cash bid in a falling market has

been rediscovered.

New issue activity has virtually ground to a halt because of the difficulty of pricing compa-nies shares - or, indeed, finding anyone to buy them - in such volatile conditions.

At least six companies which had planned to come to the main market or the USM in the next few days have cancelled or postponed their plans. Others with flotation dates further ahead are waiting to see how the market settles before decid-

the market settles before decid-ing whether to proceed.
On the takeover front, S&W
Berisferd and Matthew Brown, the two largest British compa-nies facing hostile bids at pres-ent, both found yesterday that their share prices had slipped well below their suitors' cash offers.

Shares in Berisford, the sugar producer and commodities trader resisting a bid worth

BY RICHARD WATERS

asked Lourko, the conglomerate run by Mr Tiny Rowland, for assurances about its accounts

The Department, which re-fused to say what the assur-ances were, said it had also ask-ed Lonrho for a detailed

tants said on Monday that they had completed separate investi-gations into Lonrho's accounts.

The Stock Exchange's investi-gation led to a letter to Lonrho

CIC in £9m

Swedish buy

Lonrho asked for future

assurances on accounts

IN AN unusual move, the Desuggesting those matters on
partment of Trade and Industry which they should consider givconfirmed last night that it had
ing further information,
asked Learne, the conglomerate claimed House of Fraser yester-

fused to say what the assurvestigations into its accounts, ances were, said it had also asked Lourho for a detailed were backed by accountants Arexplanation of its accounting thur Young while Lourho's accounteins and "additional back counts elicited a clean audit reground information".

The Stock Exchange and the McLintock The Stock Exchange Institute of Chartered Accounsaid that it had also called in an industrial of the stock of

Frods, yesterday lost 25p to holders after tax.

Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod
Ti would be a shame, Schrod-

Foods, yesterday lost 25p to 386p., compared with ABF's 400p all-cash offer.

As a result, Berisford is now unlikely to keep its defensive powder dry until after the first placing date with the property of closing date on November 5. Mr Howard Rix of Charterhouse, Berisford's merchant bank ad-viser, predicted that the de-fence would shift its stance "to be more aggressive earlier rather than later.

Although he expected a re-covery in Berisford shares - and in the market - before November 5. Charterhouse could no longer count on the usual pat-tern of shareholders waiting for an improved offer before mak-ing their decision.

ing their decision.

Schroders, advising the Blackburn brewer Matthew Brown in its defence against Scettish and Newcastle Breweries' £186m bid, also tried yesterday to find consolation in the face of a30p decline to 725p, against the 750p cash offer.

The merchant bank admitted that the cash (if not the 672p value of S&N's paper offer) looked attractive but questioned what

day. This contradicted a state-ment from the Stock Exchange

there were no outstanding in-vestigations into its accounts.

independent firm of accountants.

ers said, "if the fall in the market was ready to float at a moment's notice as soon as conditions improved. ever, there is some time to go before shareholders have to decide."

Mr Peter Cadbury of Morgan Grenfell, adviser to S&N, said that the events of the past few days meant that "an offer with a full cash alternative was particularly relevant and important. Among new issues, one of the first casualties was Paragon Communications, a public rela-tions consultancy which had planned a USM placing tomor-

We are bitterly disappointed "We are bitterly disappointed but obviously there was no way we could go ahead in these con-ditions," said director Mr Chris-topher Joll. "We have incurred a lot of costs in preparation for the flotation and we hope to press on with it as soon as the market settles down."

increases

Three more companies have postponed flotations on the USM. Blazer, a menswear retailer, has put off until next Wednesday the placing which Wednesday the placing which had been due tomorrow; Copymore, an office machine supplier, has abandoned for the moment the placing it had planned for next Tuesday; and Allied Restaurants, a Wimpy franchisee, has put off its placing tomorrow.

On the main market, Crawley Warren, the specialist Lloyd's broker, has postponed its plans for a placing on Friday.

we could go shead in these conditions," said director Mr Christopher Joll. We have incurred a lot of costs in preparation for the flotation and we hope to press on with it as soon as the market settles down."

The Company of Designers, an architectural and building design practice, had planned a week ago.

Allebone agrees to cash offer from Charterhall

BY MARTIN DICKSON

This follows claims by stores group House of Fraser that Lonrho's 1985 accounts failed to comply with the requirements of the Companies Act.

DIVIDENDS ANNOUNCED

Nov 27 Nov 26 Jan 4

1.25

Total last year

4.67

Charterhall, the fast-growing investment company headed by Mr Russell Goward, an Australian entrepreneur, yesterday confirmed the launching of an agreed cash offer for Allebone, the shoe retailer, valuing the company at £38.5m.

The bid represents a major diversification for Charterhall with all now taken its holding up to 43.3 per cent through marrivestification for Charterhall with a growing that it had now taken its holding up to 43.3 per cent through marrives and the acquisite day. Charterhall, which had built up a large stake in Allebone in recent months, said yesterday that it had now taken its holding up to 43.3 per cent through market purchases and the acquisition of a 13.4 per cent stake from the Theorem Tent

holding in S & N

Brierley

BY LISA WOOD
Industrial Equity (Pacific),
the Hong Kong subsidiary of
Mr Ron Brierley's Brierley Investments has disclosed that vestments has disclosed that its stake in Scottish & Newcas-tle. Breweries has been in-creased to 5.83 per cent.

Scottish & Newcastle is cur-rently making its third take-over attempt on Matthew Brown, the Blackbarn-based

Brown, the Blackbarn-based brewer.

Industrial Equity (Pacific) now holds 18.5m S & N shares, built up over the past few years, Prior to S & N's bid for Matthew Brown earlier this menth the stake is believed to have been under four per cent.

Mr Christopher Chalmers, S & N's finance director, said."

Mr Brierley and Industrial Equity (Pacific) have made no efforts at any stage to disguise the fact that they were share-holders. We've been led to believe that it has been an investment in what he considered to be an undervalued stock."

Mr Chalmers added: At 5.8 per cent, it could be a very attractive sized investment for someone who wants to bid in the fature. In all other respects he has been a very good shareholder."

Mr Brierley was in Anstralia

Mr Brierley was in Australia yesterday and unavailable for

Martins sale

Guinness has completed the sale of Martins, one of Britain's largest newsagents, to an Australian based consor-

This advertisement is issued in comphance with the requirements of The International Sinck Exchange of the United King.kim and the Republic of Ireland Limited ("The Stock Exchange") and does not constitute an offer of or inclusion to the public to subscribe

WILSHAW SECURITIES plc

(Registered in England under the Companies Act 1929, No. 335207)

Introduction The Official List

SHARE CAPITAL

Authorised £2,500,000

To be issued and fully paid

Application has been made to the Council of The Stock Exchange for the suspension of the Company's Listing to be lifted and for the proposed new issued share capital of the Company to be admitted to the Official List. It is expected that dealings will commence on 26th October,

Listing particulars relating to the Company are available in the Extel Statistical Services and copies of such particulars are available during normal business hours from the Company Announcements Office of The Stock Exchange until 23rd October, 1987 and on every weekday (Saturdays and Bank holidays excepted) up to and including 26th October 1987 from:-

76 Cross Street

Chariton Seal Limited

Citygate House Finsbury Square London EC2

21st October, 1987

The bid represents a major diversification for Charterhall set purchases and the acquisition of a 13.4 per cent through market purchases and the acquisition of a 13.4 per cent stake from the party said that apart from its investment in Allebone it was continuing its diversification recommending acceptance of specialist retailing, security, dry-cleaing, commercial laundry, office services and supplies. It was also seeking to expand its oil and gas activities, principally in North America. Charterhall is offering 120p a share in cash for each Allebone

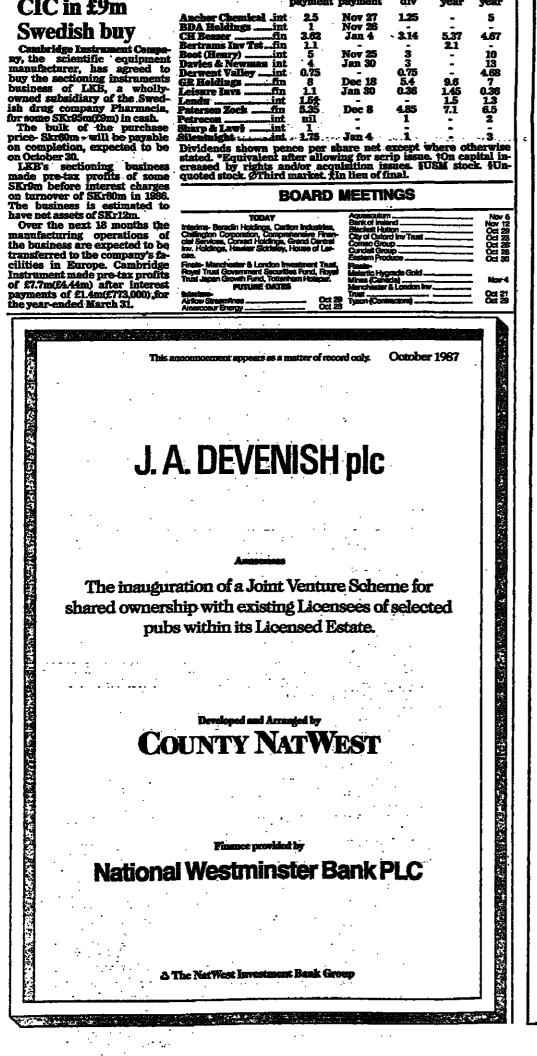
TIP HELPS KEEP ALL THESE COMPANIES MOVING

These companies have two things in common. They are all highly successful. They all rent trailers from TIP. They have achieved their success by a dedication to providing quality and choice to their own customers.

Our own success has been achieved in exactly the same way. For 19 years we have been Europe's leading trailer rental company.

We have 19 branches in the U.K., and 23 more on the Continent. All strategically sited to meet our customers' requirements. We have more trailers and more different types of trailers than any of our competitors.

Issued by Kleinwort Benson Limited on behalf of TIP Europe





UK COMPANY NEWS

Henry Boot rises 25% to £931,000 at midway

HELPED BY an improvement in the UK economy, Henry Boot & Sons, which has interests in construction, railway, engineering, property and investment, boosted taxable profits by more than 25 per cent in the first six months of 1987.

34

Profits climbed from £740,000

The directors declared an increased interim dividend of 5p (3p). After tax charges of £187,000 (£72,000), earnings per panies improved efficiencies

ENTRÉPÈNEURS Robin Lodge

and Brooke Johns yesterday an-nounced plans for a manage-

ment buy-in at Nesco Invest-ments, the vehicle retailing and

energy production group.

Mr Lodge and Mr Johns are

injecting f1.98m into the company for which they will receive 1.1m new shares. Together with

another 400,000 ordinary they are buying from existing share-holders, this will give them a 37.37 per cent stake in the com-

pany. Their company, Baytree In-

vestments, is obliged under the Takeover Code to make a bid of

180p for each of the other

dinary items; last time there was a debit of £1.94m.

Mr David Boot, chairman, said that the volume of contracting work for the construction companies increased after a slow start to the year, although to £931,000 on turnover only margins remained highly com-slightly ahead from £67.53m to petitive. Housebuilding contin-£68.58m. et its profitable expansion ued its profitable expansion and the plant activity was enjoying a more buoyant market.

Management buy-in at Nesco

same as they are paying for their stake - but with the share

price staying well above this yesterday the offer is unlikely

to be taken up in large numbers.

In any case Mr Lodge and Mr Johns want to retain the listing and they intend to place, through broker Sheppards, any

Mr Lodge and Mr Johns will

become chairman and deputy chairman of Nesco. They plan to build up the company through acquisitions in Nesco's present fields of activity.

Nesco, which first came to the market in 1929, has its main in-

shares held in the company the terest in Nigerian power sta-

shares assented to the offer.

50p share moved up from 12.6p but the decline and uncertainty to 13.7p. There were no extraor-of British Rail's requirements of British Rail's requirements created difficulties in the planning and continuity of produc

tion resources.
On the international side, there were still unresolved problems in Hong Kong. Mr Boot said that further progress was made by the prop-erty development company to provide a solid platform for im-proved performance in the future. Property investments continued to contribute materially to group profits, and the train-

tions. It also has a car retail business in the Midlands. Mr Trevor Trefgarne, chair-man, said Nesco was a sound business but in recent years it

had not had the opportunity to build up its activities, partly be-cause of problems in the Niger-

A complete revamp would be possible with the new manage-

possible with the new manage-ment and the cash injection.
Holders of more than 40 per cent of shares, including Mr Trefgarne who will resign from the board, have said they will not accept the cash offer for shares over and above the 37.37

per cent which Baytree has al ready agreed to buy.

fell from SL6p to 29.3p. Mr Frederick Newman. man, said that the first half had man, and that the first half had conformed to the usual trading pattern of the airline. The ship-broking company had a disap-pointing result and very strenu-ous efforts were being employed to improve the situation.

Davies &

Newman

cuts loss

in first half

Davies & Newman, the airline operator and shipbroker best known for its Dan-Air operations, reduced its pre-tax losses from £3.48m to £3.16m in

the first six months of 1887. Turnsver rose from £121.83m to £141.65m.

The directors lifted the inter-

im dividend from 3p to 4p and after estimated tax credits of £1.11m (£1.26m), losses per share

Gatwick Handling had per-formed well and Dan-Smedvig, in spite of the severe cutback in North Sea operations, had re-mained active and was continuing to do so in the second half.
Last year's progress in DanAir was maintained; following a
busy summer and barring unfo-

reseen circumstances, he expected a satisfactory result. Operating surplus totalled 28.51m (£7.28m); depreciation took £3.77m (£3.05m); aircraft hire, £7.99m (£6.59m); interest payable less that received resulted in a debit of £1.38m (£1.3m); and associated companies contributed £564,660 (£184,660).

Tubular heads for USM valued at £9m

company which is mainly inwhich was listed on the stock
volved in the manufacture and
hire of crowd-control crush barriers, is coming to the Unlisted
Securities Market on Monday
through a placing of shares
which will value it £9.13m.

Jacobson Townslaw etackbus

Jacobson Townsley, stockbro- of £2.4m (£2m) for the year-endkers to the company, are placing 12-5m ordinary shares on behalf of certain former 1986 resulted from the acquisishareholders of Tubular and tion of Stonebert, a company acquired to expand Tubular's exhalf of the company, representing in total 43.82 per cent of the enlarged issued share capital of the company. The shares are beginning the company. The shares are beginning to the company of the company. The shares are beginning to the company of the company of the company. The directors see company. ing placed at 20p. well. The directors see opportu-Tubular is also involved in nities for expansion in its barri-

the building and hiring of struc- er-hire business (the Metropolithe building and hiring of structural steelwork for exhibitions throughout the UK, including Earls Court, Olympia and the National Exhibition Centre. It is seeking entry to the USM as a first step towards expansion of the business both organically and by acquisition, according to the prospectus.

The company was formerly Djember Holdings, an operator exhibition trade, and chalet units designed for events such as the Farnboriough Airshow.

The net proceeds of the issue will amount to about £1.5m which will be used largely to finance the increased working capital requirements of the

Derwent Valley well up

PROFITS before tax of Derwent valley Holdings, property investor, rose from £105,000 to £339,000 (£21,000) and tax for £818,000 over the first half of £295,000 (£36,000). 1987. Earnings improved to 16.17p (2.08p) but the interim dividend is a same-again 0.75p.

Rents and interest received totalled £367,000 (£126.000) and profits from property trading

Directors said earnings growth reflected the benefits gained both from the existing portfolio and the acquisition of the Colebrook and Wilmar com-

CHANNEL **ISLANDS**

The Financial Times proposes to publish a Survey on the above on

Monday 14th December, 1987

Topics proposed for discussion include:

The Economy Finance Industry **Investor Protection**

Media The Printing Industry Energy Smaller Islands .

Immigration Boating

Communications Offshore Insurance **Data Protection** Property **Politics**

Tourism Horticulture Archaeology

For a full editorial synopsis and details of available advertisement positions, please contact:

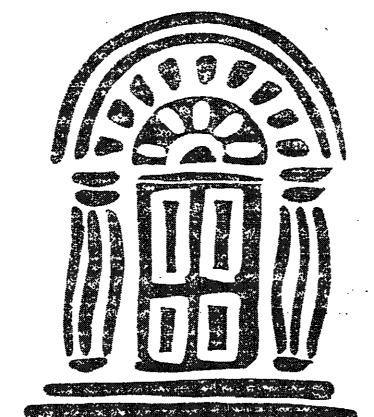
> **BRIAN HERON** on 061-834 9381

or write to him at

Alexandra Buildings, Queen Street, Manchester M2 5LF Telex: 666813

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

LONDON - FRANKFURT - NEW YORK



VOUNCING THE ENTRANCE OF A NEW INVESTMENT HOUSE.

The name is new. From October 1st, the investment management company of The Royal Bank of Scotland Group is called Capital House.

But look behind the name, and you'll see we're maintaining and developing the principles which have made us one of the most successful and fastest-growing pension fund management companies you'll find in Britain today.

We'll retain the investment philosophy which underlies our performance record.

(After all, why change a philosophy which has helped us beat the average over one year, three years and five years?)

We'll continue to set our sights on long-term performance goals, despite the pressure of the short-termists to adopt unacceptably high-risk strategies.

And we'll go on believing that a consistent management team leads both to better service and to better performance.

In short, we'll stick to the principles which have led to the total funds under our management growing to no less than £2.3 billion.

If you'd like to find out more, please contact Nigel Watson at 6 New Bridge St., London EC4V 6JH. Tel: 01-353 5050.

You'll find that if you have the capital, we have the house.



ACCOUNTANCY

Publication date November 20 1987 Advertisement copy date November 6 1987

The Financial Times proposes to publish this survey on the

A number of areas will be covered including:

ent Consultancy

* The importance of medium sized firms * Corporate Finance

Editorial Information se address all inquiries or suggestions concerned with the editorial content of this survey in writing to the Surveys Editor Advertising Information Information on advertising can be obtained from Claire Broughton, telephone number 01-248 2131, 248 8000 extension

3234, or your usual Financial Times representative FINANCIAL TIMES **EUROPE'S BUSINESS NEWSPAPER**

U.S.\$200,000,000 ML TRUST VI Collateralized Mortgage Obligations Floater Class A Bonds

In accordance with the provisions of the Bonds, notice is hereby given that the Rate of Interest has been fixed at 91/4% for the fourth Floater Interest Period of October 20. 1987 through January 19, 1988. Interest accrued for this Floater Interest Period is expected to nount to U.S.\$16.18 per U.S.\$1,000 Bond, PRINCIPAL PAYING PAYING AND

AGENT Texas Commerce Bank National Association at the office of its agent at Texas Commerce Trust Company of New York

80 Broad Street

lew York, New York 10004

TRANSFER AGENT Citicorp Investment Bank (Luxembourg) S.A. 16 Avenue Merle-Thésèse L-2012 Luxembourg

Merrill Lynch International Bank Limited Agent Bank

> HENRY BARRETT GROUP

PRELIMINARY RESULTS ANNOUNCEMENT YEAR TO 318.87

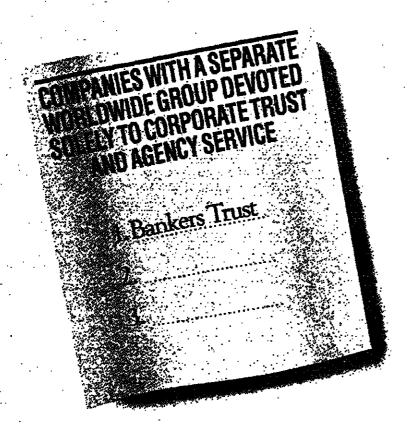
Henry Barrett Group PLC, the steel buildings, steel services and engineering company which was listed on The Stock Exchange in May this year, announces record prefiminary results for the year ended 31 August 1987.

Turnover Profit before tax Earnings per share

£'000 £'000 29,277 23,454 1,928 1,362

Group Chairman Guy Barrett said: "Since going public the Group is in an even stronger position. Contributions so far this year from all three divisions are ahead of expectations."

MENY BRONKETT GROWN PLC Burnett House, Carlor Helphas, Laws, Outlay Hill, Bradford SCA SAGI. 12:0274 582228



There are good reasons for the short length of this list.

The Corporate Trust and Agency Group at Bankers Trust specialises in unique solutions in paying agent and trustee activities.

It's our business to do so - our only business. That's commitment you'd be hard pressed to find elsewhere.

Take, for example, the kind of coverage we can give you. We're the only group to have separate offices in London, Hong Kong, New York and San Francisco. So you get both worldwide services and local expertise. Responsive? Yes. Flexible? With-

And it's not just where we are, it's what we can do. We've got product development teams with the know-how to put together unique one-off products to meet our clients' very specific needs in ever increasing complex transactions. Creativity, professionalism and exceptional customer services are our hallmark worldwide.

And we're not just talking dollars and pounds. We can provide services in all major currencies.

Add up the advantages we offer and it's easy to see why we've been chosen for over 2,000 worldwide appointments and service over \$300 billion in securities in 37 different countries.

So when you're looking for Trustee, Fiscal and Paying Agent, Collateral Trustee and Syndicated Loan Services (other specialised products include: Escrow Agent, Agent for Service of Process, Reorganisation Specialist and Asset Based Products), this short list is the only list you'll need.

If you would like more information, please call Ed Greene, Vice President in London on (01) 726-4141.

Bankers Trust Company

Corporate Trust and Agency Group

CONFERENCES LECTRICI

London, 16 & 17 November, 1987

Under the chairmanship of Sir Philip Jones, cs, Chairman of The Electricity Council and Mrs Helga Steeg, Executive Director of the International Energy Agency, a panel of highly qualified international experts will examine the economic, political, financial and structural issues facing the electricity industry worldwide.

Speakers taking part include: M. Pierre Delaporte Eléctricité de France

> Mr Svend Erik Hovmand Minister of Energy, Denmark

Dr Walter Fremuth Österreichischen Elektrizitätswirtschafts AG

Dr M Colitti

Dr ing Axel Lippert Bayer AG

Mr Stanley Johnson Commission of the European

Mr David W Penn Wisconsin Public Power, Inc SYSTEM

Mr Ronald J Calise Salomon Brothers Inc

Dr Werner Hlubek Rheinisch-Westfälischen Elektrizitätswerk AG

Dr I C Bubb

Cambridge Energy Research Associates Mr Donald Miller

South of Scotland Electricity Board (SSEB)

Mr Måns Lönnroth Adviser to the Prime Minister, Sweden

Communities A Financial Times International Conference in association with Power Europe.

WORLD	
WORLD ELECTRICIT	Y

Please send me further details of the "WORLD ELECTRICITY"



lame	
Position	
Company	
Address	
	Country
•	Tix:

Silentnight boosts profits past £3m at halftime

Furthermore, he expected the full year result to show a substantial improvement over last year's £5.27m.

First half turnover was up nearly 17 per cent at £46.18m (£39.62m), reflecting both expansion through acquisition and sales growth of Silent-night's latest top-of-the-range beds, which have been sold on the back of a £2m television advertising campaign.

Silentnight now claims more than 25 per cent share of British

100 up on pre-strike levels.
There are 3,000 in the group, recently strengthened further by the acquisition of Homewor-

MR TOM CLARKE, chairman of Silentnight Holdings, the Lancashire bedmaker and home furnishings group, yesterday reported a £1.88m rise in profits to £3.31m pre-tax for the half year ended August 1.

Furthermore, he expected the full year result to show a substraction in program of the fact of 346 strikers and the collapse.

bed markets and says it is benefored:

spending - the highest in the inforecast by Manchester brokers. Henry Cooke, Lumsden, which recently reclassified Silent-negative from labour relations problems, which resulted in the dismissal chairman of Mr Tom Clarke, who used his wartime gratuity

The group also announced yesterday the retirement as chairman of Mr Tom Clarke, who used his wartime gratuity of 346 strikers and the collapse who used his wartime gratuity of 1986's full year profits to only of £180 to found the business £270,000. Numbers employed in the main bed manufacturing the main bed manufacturing company are now at 900, about Mr Clarke said that strong

management was now in place with Mr Chris Burnett, a Har-vard Business School graduate, the chief executive. thy, a Sunderland unit furniture maker, which had sales of £7m last year and has doubled Silentnight's share of this sector.

The half-year results were tile business.

Lasmo in Canadian merger

London and Scottish Marine
Oil, an oil independent, yesterday announced plans to merge
its Canadian oil and gas
operations with Onyx Petroleum Exploration, a quoted Canadian oil company. The new
entity, which will be renamed
Lasmo Canada, will have reserves of 9.5m barrels of oil and
20.9bn cubic feet of gas, and at
present prices will be worth
more than C\$100m (£46.1m).

Under the proposed deal, Onyx will acquire Lasmo Canada

Lasmo Canada will be quoted

in return for shares, giving Lasnew company, which based on
the current Onyx share price of
c\$5 is worth about C\$76m.

Mr Chris Greentree, chief executive of Lasmo, said yesterday that the deal would considserves of 9.5m barrels of oil and
20.9bn cubic feet of gas, and at
present prices will be worth
more than C\$100m (£46.1m).

Lasmo Canada,
substantial* programme of exploration and development in
1988. The new company has exploration and development
position and would embark on a
substantial* programme of exploration and development in
1988. The new company has exploration and development in
1988. The new company has exploration and development in
1988. The new company has exploration and development in
1988. The new company has exploration and development in
1988. The new company has exploration and acquisitions
programme', Mr Greentree said.
Lasmo's operations in Canada,
substantial* programme of exploration and acquisitions
programme', Mr Greentree said.
Lasmo said its new subsidiary
would have a strong financial
position and would embark on a
possible through an aggressive
exploration and acquisitions
programme', Mr Greentree said.
Lasmo said its new subsidiary
would have a strong financial
position and would embark on a
ploration and development in
1988. The new company has exploration and development in
1988. The new company has exploration and acquisitions
programme', Mr Greentree said.
Lasmo's operations in Canada,
substantial* programme of exploration and development in
1988. The new company has exploratio

Thoroughbreds

The offer for sale on the Irish Smaller Companies Market of

cant will receive approximately 15 per cent of the balance of ap-

plications above 500 shares.

Classic

GrandMet makes £21m Canadian spirits disposal

6.67m ordinary shares with accompanying rights in Classic Thoroughbreds was more than three times oversubscribed.

In allocating the shares it was Grand Metropolitan, drinks, acquired by Grand Metropoli-hotels and food group, has sold tan from RJR Nabisco earlier the spirits division of McGuin-this year. The sale of its spirits division is part of the rationalisdecided to favour the small investor and all applicants are to receive a minimum of 500 shares. In addition each appli-

ness Distillers, its Canadian evision is part of the rationalissubsidiary, to Corby Distillation of Hueblein.

Mr George Bull, chairman of EDV, GrandMet's wine and spirits subsidiary, said the group already had a strong prescence in Canada through owned subsidiary of Hueblein, its subsidiary, Gilbey Canada.

continued into the third quarter, and there was every pros-pect of a very satisfactory result for the full year.

lent results.

Anchor up 74% to £1.2m

An improvement of 74 per cent raw materials.

An improvement of 74 per cent in Ancher Chemical Group's profits from £873,000 to £1.17m pre-tax for the half year to June 30 reflected improved profit-hability of the UK companies backed up by a good performance overseas.

The directors said the UK improvement stemmed from the income derived from the recent investment in new plant, a changed product mix and production efficiences, resulting from larger scale manufacture and increased bulk handling of the scale of the period rose by just £549,000 to £17.24m but the operating profit was up by 41 per cent to £1.53m showing an improvement from £3.53m showing an improvement from £3.53m showing an improvement from £3.50,000 while interest fell from £380,000 to £324,000. (£303,000) leaving earnings per share virtually doubled at 18.1p (9.1p). The interim dividend is doubled to 2.5p but the directors said this was to reduce disparisaid this was to reduce dispari-ty between payments.

They said the level of trading in both the UK and overseas ex-perienced in the first half had

Lanca profits surge

Lanca, maker and wholesaler of handbags, increased its tax-able profits by £100,000 to £293,000 in the first half of 1987. Turnover rose from £2.57m to

Overseas, Pacific Anchor Chemical again produced excel-Tax took £99,000 (£67,000) and

Tax took 299,000 (257,000) and earnings moved up sharply from 1.16p to 1.91p.

The directors said that earnings were normally appreciably higher in the second half and the results for the year were expected to be most satisfactory.

Yearlings

The interest rate for this week's The interest rate for this week's issue of local authority bonds is 10% per cent, up % of a percentage point from last week and compares with 11% per cent at this time last year. The bonds are issued at par and are redeemable on October 26 1988. A full list of issues will be published in tomorrow's edi-

STOCK MARKET RED ALERT WHAT SHARES TO SELL WHAT SHARES TO HOLD PHONE

0898

four times a day

FINANCIAL HOTLINES

Bank of Greece US \$150,000,000 Floating Rate Notes due 1994

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 913 per cent for period 21st October, 1987 to 21st January, 1988.

Agent Bank: Morgan Guaranty Trust Company of New York London

Petrocon looking to make acquisitions

Petrocon Group, which was adversely affected in the past financial year by the sharp downturn in oil prices, reported yesterday that it had continued to trade at a loss in the first six months of 1987.

first six months of 1987.

For the period turnover declined from £6.97m to £5.25m and at the pre-tax level losses rose from £331,000 to £526,000. The interim dividend is being omitted • shareholders received 1p last time.

Swire Petrocon, a south-east Asian oll tool rental services commony in which Petrocon.

company in which Petrocon has a 50 per cent investment, is disposing of its fixed assets and inventories to a third party and, subject where necessary to the consent of other parties its current contracts and cer

tain other agreements. Consideration is \$3.2m (£1.9m) in cash consisting of an initial payment of \$1m and de-ferred payments of the balance

over a four year period.

The disposal means that the Petrocon Group will be totally withdrawing from the southeast Asia rental tool market. The directors said that trading losses originating from Swire Petrocon's activities had ceased as at the end of last

They added that while there would be an end-of-year write-off amounting to some £350,000 against the investment, the balance would be re-

ceived in cash.
Shareholders were told that
as a result of the progress
made with its disposal programme Petrocon was now well placed in terms of both fi-nancial and management re-

nancial and management re-sources to implement the ex-pansion programme referred to in the April statement. Sev-eral acquisition possibilities were being considered.

Share of losses of the associ-ates was reduced from £242,000 to £159,000 in the opening six months. There were tax credits of £128,000 (£56,000) and mi-nority credits of £34,000 (debits £6,000). Loss per 12½p share emerged at 2.93p (3.48p).

Stockmarket! Offer for Sale.

at a special offer price of CIT-S0 each, to take place at the Arbitrager Bag.
27a Throgmorton Street, on Thursday 22 October. Jordans Games further
announce a ballot to win a portfolio worth £500° in one or more of the
Stockmarkett companies, absolutely free.

Stockmarket! - the board game. Buy and sell shares in 6 blue-chip UK omeganis. All the excitement and misery of the market test your market nose', and your nerve, to be the first to make a £1 million. Featuring the unique wipe-clean, blood-proof Stockmarket! trading floor.



To enter the ballot for a £500' portfolio of shares in the six Stockmarket!

companies, complete the form below and bring it in person to the Steckmarkell representative at the Arbitrager Ray between the hours of 9.3tam and 4.3tpm on Thursday 22 October, when the first 500 issues of Stockmarkell will be on sale at £17.50 each. Subsequent sales will take place I wish to enter the ballot to win a po shares in the Stockmarket comp

'asar Stam Friday 2104 (day FAC Balkat daga 4 Tapas Phuraday 22 (4 Jahry SAC

Dron to be made 'you thursday
2.04 tober 1967 Wenner to il be
noticed by thephone 'Pyern to the
freadents agod early Byters.
This advertisement is based by UNRDANS GAMES LTD, 3 lordary Way, Jordany,
Borks HPO 28P on behalf of themselves.

NOTICE OF REDEMPTION

CANON INC. (Canon Kabushiki Kaisha)

6%% Convertible Debentures Due December 31, 1994

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 4.01 of the Indenture dated as of August 15, 1979 between Canon Inc. (Canon Kabushiki Kaisha) (the "Company") and Morgan Guaranty Trust Company of New York, as Trustee, (the "Indenture"), all of the above-mentioned Debentures outstanding under the said Indenture have been called for redemption on November 27, 1987 (the "Redemption Date") at the redemption price of 102.5% of the principal amount thereof (the "Redemption Price").

The Debentures shall become due and payable on the Redemption Date at the Redemption Price, plus accrued interest to the date fixed for redemption in the amount of \$1,052.50 per \$1,000 principal amount. Payment will be made on and after the Redemption Date upon presentation and surrender of (1) registered Debentures and (2) coupon Debentures together with all coupons appertaining thereto naturing after the Redemption Date at the offices of the Paying Agents specified below. From the Redemption Date all interest on the Debentures shall cease to accrue. The right to convert the Debentures into Common Stock of the Company will terminate at the close of husiness on November 24, 1987, the second Business Day, as defined in the Indenture, immediately preceding the Redemption Date. Debentures to be converted should be surrendered in accordance with Section 3.02(a) of the Indenture at the offices of the Conversion Agents specified below on or before November 24, 1987. The Debentures are currently convertible into Common Stock of the Company at a price of yen 399,90 per share.

PAYING AND CONVERSION AGENTS Morgan Guaranty Trust Company of New York 14. Place Vendome

Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015

Morgan Guaranty Trust Company of New York Morgan House, 1 Angel Court London EC2R TAE

Morgan Guaranty Trust Company of New York Avenue des Arts 35

Morgan Guaranty Trust Company of New York Mainzer Landstrawe 46 6000 Frankfurt-am-Main West Germany

CANON INC. (Canon Kabushiki Kaisha)

75001 Paris

Morgan Bank Nederland N.V.

P.O. Box 154

Morgan Guaranty Trust Company of New York

38 Stockerstrasse Zurich. Switzerland

Dated: October 21, 1487

Any payment made within the United States, including any payment made by transfer to an account maintained by the payee with a bank in the United States, may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at the rate of 20". the United States Internal Revenue Service (*IRS*) and to backup withholding at the rate of 20% if payers not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payer is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payer's taxpayer identification number (comployer identification number or social security number, as appropriate). Thuse holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$30.00. Holders should therefore provide the appropriate certification when presenting Debentures for payment.

PARTICIPATION LENDING-THE GROWTH BUSINESS

Seymour Adelaide, market leader in commercial property finance, offer a unique opportunity for a Banker or Lending Officer to be involved at the beginning of a rapid expansion of Participation Lending in property development.

Considerable experience is related fields is sought and an incisive and enquiring mind will be essential. Commercial common sense is an obvious need.

The appointee will work closely with the Managing Director making recommendations to the Lending Committee.

A reward package can be negotiated related to performance and no limit will be placed on potential earnings.

In the first instance contact Keith Mason on 01-828 7711 or write to him at Allington House, 136/142 Victoria Street,



COMMERCIAL MORTGAGE BROKER

Seymour Adelaide, market leader in commercial mortgage broking. seeks suitably qualified and experienced people to join its expanding team of Brokers.

A unique place in the market, a reputation second to none and a continuing corporate advertising campaign provide a sound base from which capable and enthusiastic Brokers can build their career.

Remuneration is by salary and a generous and unlimited commission structure which should lead to earnings of above £30,000 in year one.

A background in commercial mortgage lending, either with Principal or Broker, or wide experience in a closely related field would be appropriate.

In the first instance contact Keith Mason on 01-828 7711 or write to him at Allington House, 136/142 Victoria Street, London SW 1E 5LD.



BANKING CAREERS

CREDIT SYNDICATIONS &20,000

This top US Bank currently has an excellent opportunity for a Graduate Banker with Capital Market products/Credit Syndications experience. Working within the Corporate Finance team this high profile position involves establishing relationships and originating new facilities. Candidates must be able to demonstrate a flair for new business, excellent communicative skills and a generally creative approach. unicative skills and a generally creative approach.

For further details call: Gaynor Harris or Sarah Mendel on 236 1113 or write in confidence to: 13-14 Gt St Thomas Apostle, EC4V 2BB.

Portman put care into careers

657 01-236 1113 **48** Portman Recruitment Services Limited

EQUITIES SALES SPAIN

We are seeking a fluent Spanish and English speaker with a strong academic background to join an international stockbroker selling equities to Spanish clients based in London. In addition you should have relevant working experience in the international financial community and specific knowledge of the Spanish business community.

> Write Box A0693, Financial Times, 10 Cannon Street, London, EC4P 4BY.

ASSISTANT **FUND MANAGER**

The investment management company of a substantial Lloyd's underwriting agency group requires an Assistant Fund Manager for the funds of Lloyd's Syndicates, private clients and a Pension

The preferred candidate will have one/two years practical investment experience in equities and fixed interest stock. This is a responsible position and provides the opportunity to join a small team actively involved in fund management. Attractive salary (negotiable) and package.

Apply with full C.V. to: Mr P. O. Bourne, Leslie Langton Holdings Limited, 21 Widegate Street, London El 7HP.

SENIOR COMMODITIES ANALYST

GNI Limited, a leading futures and options brokers, seeks a Senior Commodities Analyst to join their US grain/UK softs analysis team. The ideal candidate should have a minimum 3 years experience in these disciplines and good connections in the US futures industry. The ability to handle a marketing and business development role as well as pure research is essential. Salary circa £20k plus benefits.

> Write with CV to: John Burridge **GNI LIMITED** Colechurch House, 1 London Bridge Walk, London SEI 2SX

M&A Specialist

Highly competitive salary and benefits package

Phillips & Drew is one of the City's leading financial institutions, providing a wide range of financial services to its clients. Our fastexpanding M & A Group is part of an international network within UBS, one of the world's most powerful banking groups.

Our expanding business requirements have created this opportunity for an M & A specialist to join the dynamic team servicing our large and influential corporate client base. Reporting to the head of the team, you will be responsible for advising our clients on their acquisition and divestment activities and will be called upon to play an influential role in the development of new business.

You should have a minimum of 2 years' M & A experience, most probably gained in a merchant banking environment. Preferably a Chartered Accountant, you must possess strong analytical and interpersonal skills as well as a high level of commercial awareness. The remuneration package includes a highly competitive base salary as well as bonus, mortgage subsidy and other City benefits.

If you are interested please write, enclosing a comprehensive c.v.,

Isabel Doverty, Recruitment and Development Manager Phillips & Drew Limited, 120 Moorgate, London EC2M 6XP Telephone 01-628 4444

MANAGING DIRECTOR

SENTINEL HOME LOANS LIMITED

Loans Limited is being established to provide in conjunction with

Sentinel Life plc domestic mortgage facilities to meet the increasing

this field to head a team of marketing and administration staff and to

assume responsibility for leading our new Company to a significant

ing a Bonus Scheme, Mortgage Subsidy, Company Car and City

Aitken Hume International plc, 30, City Road, London EC1Y 2AY.

AITKEN HUME INTERNATIONAL PLC

similar environment and to have proven business ability.

demand for this type of financial service.

place in the market.

benefits.

As part of the developing Aitken Hume Group, Sentinel Home

We require a Managing Director with sufficient experience in

Ideally you will be able to demonstrate recent success in a

We are offering an interesting remuneration package includ-

You are invited to write with your C.V. to Norman Perry,

A MEMBER OF THE UNION BANK OF SWITZERLAND GROUP.

CREDIT ANALYST

CORPORATE

PHILLIPS&DREW

Standard & Poor's Corporation is a leading provider of financial information services. Rapid expansion in its global debt rating activities creates an exceptional opportunity, based in London, for a self motivated person to participate in the financial assessment of major European companies.

The key tasks are to analyse and evaluate companies' operating performance and prepare and present reports for both internal credit review and external use by the investment community.

Successful candidates, who will be graduates, must demonstrate strong commercial/accounting awareness and have a good working knowledge of credit assessment techniques, gained within a financial, consultant, a corporate treasury function, or, ideally, the credit department of an international bank. Fluency in French, German or Italian preferred.

Apart from excellent career prospects, there is a fully competitive salary and benefits programme.

Maidenhead, Berkshire SL6 2QL, United Kingdom

Please contact: (quoting reference number A007) Paul Jenkinson, Human Resources Director, Europe. McGraw-Hill House, Shoppenhangers Road.

FINANCIAL EXECUTIVES FOR THE SME SERVICES DIVISION

EUROFI (UK) LIMITED is the largest company operating within the EEC dedicated to providing specialist services at the interface between the Private and Public Sectors.

The SME Services Division co-ordinates the provision of a range of products and consultancy services to small and dium sized enterprises (under 500 employees).

The services provided through the Division include all aspects of business intelligence in connection with the provision of grants and loans and specialist advice to fast growth companies in the negotiation of financial incentives available from the Commission of the European Community and the Governments of Member States.

Candidates will be ambitious professionals, financially numerate and have a successful track record in providing financial services to SME's and possess the maturity, confidence and communicating skills associated with contact at Board level. The nature of the work requires high mobility and a total commitment to providing the highest standards of service to clients. Successful candidates will operate from the EUROFI offices which are located throughout the UK. The desired age range is late twenties to mid thirties and successful candidates can expect an attractive remune nackage including a performance bonus.

Candidates are invited to send a supporting letter with a CV, quoting reference CJ1 on the envelope, to:

Eurofi (UK) Limited Berkshire RG13 1NX

Looking for challenges and rewards?

SECURITIES DEALERS TO \$75,000 PLUS

MANAGING DIRECTOR TO \$100,000 PLUS EQUITY (Negotiable)

Ideally, applicants should have had at least two years' experience marketing securities on any of the recognised markets. However, those with experience in any other related spheres may be considered. You will be working for a securities firm in excellent West End offices. As part of a professional team, you will be working with a broad product and client base and, most importantly, you will be rewarded according to your effort.

Please reply in writing enclosing brief curriculum vitae, to: The Chairman, London & Norwich Investment Services Ltd

19 St. James's Square, London SW1Y 4JE

INVESTMENT MANAGER

Advent Limited, a leading Venture Capital House specialising mainly in the field of high technology, currently has a vacancy for an investment manager, aged 28-45, with practical experience in the

Working with a small highly-motivated team the successful candidate will be responsible for assessing companies for possible investment and subsequent initiation and negotiation of the deal.

3 or more years experience of the pharmaceutical, biotechnology or biomedical field is essential. The successful candidate will have had managerial, financial or business experience of these fields, perhaps gained as an analyst within a bank or other institution. Research experience alone will not be

INTERNATIONAL

SECURITIES

Major European Merchant Bank with London Office requires person experienced in international securities markets with emphasis on bonds.

It is expected that suitable applicants will have no less than 5 years' experience of

Repty Box No A0696, Financial Times, 10 Cannon Street, London EC4P 4BY.

Foreign language and Stock Exchange experience an advantage.

dealing directly with fund management chemis.

Candidates should have a degree in biological or medical sciences and an advanced degree or MBA would be

An attractive remuneration package is offered to the right individual who will be highlymotivated, personable and able to exhibit excellent written and verbal communication skills.

Interested applicants should send a detailed CV to:



Jerry Beniamin Advent Ltd. 25 Buckingham Gate London SW1E 6LD

Jonathan Wren 4

FINANCIAL FUTURES OPTIONS COMMODITIES

·LIFFE

Major clients have positions available on the floor at senior and junior levels and for experienced booth/client liaison applicants.

CURRENCIES

An expanding international bank has two senior posts available in its developing OTC options and EFP activities.

Other current opportunities include stock indices client liaison, LME dealers, analysts (European financials and equities), compliance auditors, chief cashier, account executives and back-up/support staff.

Experienced applicants who are ready for their next career move are invited to contact Michael Hutchings or Vanessa Nokes.

BRUSSELS HONG KONG SINGAPORE SYDNEY

Onathan W No.1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266. Fax: 01-626 5258.

SENIOR UK DEALER

EUROPEAN EQUITY SALES

Appointments Wanted

Interruptional Marketing and Sales Objector experiences in "Remarkal retail conducts and services with mathicationals. Mide from the U.S. Extensive experience in the Affects East and European Markets. Francis, Princis, Applica and European Markets. Francis, Complict and European Markets. Francis Conducts, Applicat and Geroel. ECS Markets, Applicat and Geroel. ECS Markets, Applicat and Geroel. ECS Markets, Applications of the Option

Qualified and experienced business consultant seeks representation, in South Asia, of reputed organisations in the field of business, finance, industry, research, technology transfer or developmental issues.

Write: Box No. A6781, Fluxechi Times, 18, Casson Street, London ECAP 48Y.

Atlas Stockbroking have many exciting, well paid positions for experienced Stockbroking Back Office Staff

CAD Ledger Clerk - £12,660

(Must have 2 yrs exp)

Centracts Clerk - £15,000 (Minimum 2 yrs exp)

Right & New Issues Clerk - 220,300 (Minimum 4 yrs exp)

Eurobonds Settlements - £15,000 (Minimum 3 yrs exp. inc Mortgage Subsidy)

As from Tuesday October 13th Stockbroking Division will be opening

until 7.00 pm, every Tuesday. Why not take advantage of this opportunity to call in for a chat or phone:

628 7491 and ask for Miss Mandy Bister, Mr David Gibbons or Mr Richard Fuller

is restment management division of a major UK bank urgently require condidate educated to degree level in mathematics or econometrics. Current experience in the field of quantitative analysis within investment management is necessary in order to implement new techniques for stockpicking. Please contact Cindy Brunck on 01-377 5040 or write to: LJC BROKING

146 Bishopsgate, London EC2M 4JX: 01-377 5040

FUND MANAGEMENT - PRIVATE CLIENTS 20-30 Salary neg.

Securities sector of major UK bank seek experienced stockbroker for their expanding fund management division. Minimum of 2 years' private clients experience on UK market required.

Experienced UK dealer sought by leading UK bank currently setting up a new stockbroking organisation. At least three years' UK securities experience needed, also Registered Representatives exam.

Experienced equity salesperson with two to three years' previous euroequity knowledge needed to join this prestigious UK stockbroking firm, Excellent

QUANTITATIVE ANALYST Mid 20s to £30,000 p.a.

Mid 20s

Mid 20s

Salary neg.

Salary neg.

pius package

RESEARCH ASSOCIATE

Phonoment releases.

1. Graduate with good scatterals background;

2. Good analytical, vertail and seriton skills;

3. Familiarity with fromestal antive legal commentium, and;

4. Financy in European language granty beneficied.

Write Box AU703, Financial Trues,

10 Cannon Street, London, EC49 4By

CAPITALISE ON YOUR BUSINESS

Private Clients, Trusts and Pension Funds West Midlands/Warwicksbire

Our client is a major firm of stockbrokers and a part of one of the largest and best known European banking groups. It seeks an established stockbroker or fund manager probably aged over 45 to join its rapidly expanding West

Typically you will possess a solid background in UK investments, other financial markets and currencies, as well as having your own portfolio of advisory and/or discretionary business. You may wish to relocate away from London or some other major city or, perhaps, you wish to retire within the next two to five years. Capital payment, remuneration and terms of employment are entirely negotiable.

For further information write in confidence to Mark Lockett quoting ref 637/FT showing clearly how your requirements match our client's

_RECRUITMENT

1 New Bond Street, London W1Y 9PE.



LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY

Midland Group Proféssor of Banking and Finance

Ambigations are savined for the post of Mindsand Group Professor of Bucking and Fisancie in the Department of Management Studies. The appointer will be required to develop and co-ordinate teaching and repeated his unmangement of bunks and financies institutions. hasse clopely with spondaints in money and

Mergers and Acquisitions Manager

Financial services

£35,000+ and City benefits

This new position will provide a unique opportunity to identify and evaluate acquisition and new business opportunities for a major financial institution which is fully committed to expanding further its UK and overseas businesses. Substantial capital resources are available to fund strategic and synergistic acquisitions and the development of approved new enterprises.

Responsibility for pursuing these new developments rests with a small group planning team reporting to the Chief Executive. As the specialist in mergers and acquisitions, you will assist the group Board in the formulation of strategy and analysis of major strategic options. The work will involve target identification, evaluation and recommendation of identification, evaluation and recommendation of investment proposals for the acquisition of agreed target companies.

Aged probably in your 30s, you will be extremely bright and possess a qualification in finance, economics or business studies. Already on the 'fast-track' you enjoy working in a challenging corporate environment and have practical experience of mergers and acquisitions work gained either as a member of an acquisitive group's takeover team or in an external advisory capacity. Previous experience in financial services is useful but not essential.

Based in Central London, the package for this key appointment can be negotiated to attract the right candidate and will include a car, subsidised mortgage and non-contributory pension scheme.

non-contributory pension scheme.

To apply, please send a cv, in confidence, to Barbara Lord, Ref: 0997/BL/FT or telephone for an application form.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ Tel: 01-5883588 or 01-5883576 Telex No. 887374 Fax No. 01-256 8501

CJA

A varied and interesting appointment. Profit related bonus scheme. Share option scheme. Scope for rapid advancement.

SENIOR INVESTOR RELATIONS EXECUTIVES

CITY

£35,000-£55,000 HIGHLY SUCCESSFUL INTERNATIONAL FINANCIAL COMMUNICATIONS GROUP

We invite applications from candidates, aged 30-40, who are fully conversant with how securities markets operate. They should have at least 5 years experience gained in the corporate finance or equity research sides of a bank or stockbroker or in a financial communications agency, or working inhouse in a relevant area for a major listed company. The successful candidates will be responsible for advising new and existing clients on the development of effective strategies for communicating with investment communities in the U.K. and overseas and will ensure the successful implementation of programmes to support new issues, mergers and acquisitions and contested takeovers as well as continuing investor relations. The ability to gain the full respect of clients at senior level and adroitly structure and present appropriate programmes in a persuasive and conclusive manner is important. Initial salary negotiable, £35,000-£55,000 + car, profit related bonus, contributory pension, medical insurance, free life assurance and assistance with removal expenses if necessary. Applications in strict confidence under reference SIRE4551/FT, to the Managing Director: CJA

CJRA

FUND MANAGEMENT — US EQUITIES

CITY

£20,000-£30,000 Package DEVELOPMENT OPPORTUNITY WITH ONE OF THE CITY'S BEST KNOWN FINANCIAL INSTITUTIONS

Our client, the Fund Management arm of a leading securities house, wishes to expand the US section of its international desk. They wish to recruit a Junior Fund Manager whose responsibilities will include company analysis and trading in US stocks. Some US travel will be necessary. Aged 23-30, you will have at least two years' experience of the US market, gained in a financial services environment. Numerate, with highly developed analytical and interpersonal skills, you must be able to think creatively and be used to working under pressure. In return, our client offers an excellent remuneration package, including mortgage subsidy, performance bonus, BUPA and non-contributory pension scheme. Applications under reference FM/19906/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

Major Credit Insurance opportunity servicing a wide range of UK clients.



SERVICING EXECUTIVE — CREDIT INSURANCE

LONDON

PROGRESSIVE INTERNATIONAL LLOYDS BROKING GROUP

We invite applications from candidates aged 25-35. Ideally you will be able to demonstrate sound experience of servicing the Credit Insurance needs of a wide range of UK commercial and industrial clients. Alternatively, you may have wide experience of commerce and industry gained in Banking, Factoring or allied services. This is a key appointment and only self-motivated people should apply. The successful applicant will be rewarded by training (as necessary), an attractive salary and benefits including a company car, medical insurance, life assurance, pension scheme and free meals. Applications under reference SECI/19644/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON, EC2M SPJ. TELEPHONE: 01-588 3598 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501. organisations requiring assistance on rechaitment: Please Telephone 01-628 7539

COUNTRY ECONOMISTS

International Appointments

Bahrain based

: :

: :

Attractive tax free salaries

ABC is one of the largest and most dynamic of the Arab banks and The Economics Department at Head Office in Bahrain provides much input into executive decision making. Two country economists are being sought to join the existing professional

Applications are invited from candidates educated to post-graduate level in economics, probably in their early thirties with a minimum of three years experience in country risk analysis, gained within a commercial banking, financial or governmental environment.

First hand experience in macro-economic forecasting techniques and methods, particularly in the context of developing economies is important. Candidates must also be familiar with data management, model building and use of appropriate software such as Lotus 1-2-3.

Knowledge of French and/or Arabic would be an asset.

As teamplayers strong communicative and interpersonal skills are also required. In addition to salary a very competitive tax free remuneration package is offered in one of the best locations in the Gulf. This includes free housing, a generous furniture allowance, return air fare for annual leave, education assistance, full medical coverage, pension and discretionary bonus.

> Please send a detailed Curriculum Vitae to: Personnel & Administration Dept. Arab Banking Corporation (B.S.C.), ABC Tower, P.O. Box 5698, Manama, State of Bahrain.

MONSANTO EUROPE S.A. is looking for a (m/f)

SALES MANAGER USSR/EAST EUROPE

Monsanto is looking for a professional with experience in dealing with East European trade. The suc-cessful candidate will bring the needed skills to the commercialisation of pharmaceutical products and animal/food additive

Applicants should have a minimum of 2 to 3 years experience in selling pharmaceuticals and related

products in above mentioned markets, as well as experience in licensing of new products and monitoring of corporate programs

The candidate, who will be based in Brussels, will have the ability to work in collaboration with Research and Marketing functions and have a good command of English and Russian language.

in the life sciences field.

Interested candidates should contact J.C. Nicolay, Personnel Manager, Monsanto Europe S.A./N.V., avenue de Tervuren 270-272, 1150 Brussels, Belgium. Tel.: 322.761.44.29.

Monsanto

VWD-Vereinigte Wirtschaftsdienste GmbH ist eine deutsche Wirtschaftsnachrichtenagentur mit Sitz in Frankfurt.

VWD verbreitet über eigene Netze umfangreiches Nachrichtenmaterial für und über Banken, Broker, Industrie- und Dienstleistungs-, Kommunikations- und Handelsunternehmen, Verbände und Behörden. VWD gibt täglich zwei Dutzend Informationsdienste und eine Tageszeitung für den Außenhandel heraus. Mit real-time-Produkten werden alle Bereiche der Wirtschaft beliefert. Für ein englischsprachiges Programm sucht VWD

Redakteure

deren Muttersprache englisch ist und die des Deutschen mächtig sind. Die Redakteure werden in der Frankfurter Zentrale bzw. im Londoner Büro von VWD arbeiten und die Unternehmens- und Finanzberichterstattung pflegen.

VWD erwartet von diesen Redakteuren eine mehrjährige berufliche Erfahrung, insbesondere in einer Agentur. Die von VWD gebotenen finanziellen Vergütungen werden zufriedenstellend sein.

Telefonische (00 49-61 96/405-213) oder schriftliche Kontaktaufnahme über das Sekretariat der Chefredaktion.

WD-Vereinigte Wirtschaftsdienste GmbH Niederurseler Allee 8-10, 6236 Eschborn 1, Tel. (06196) 4050



BUSINESS ECONOMIST

Philip Morris is one of the leading international consumer goods company with a reputation built on quality consumer products, innovative marketing, and excellent financial results.

Our Regional Headquarters located in Lausanne-Switzerland, covers the cigarette business for Switzerland, Scandinavia, Eastern Europe, the Middle East, and Africa.

We are now looking for a young talented professional who will be based in Switzerland, with responsibility for assessing market dynamics in terms of segmentation, pricing, and competitive activities, working closely with Marketing, Finance, and Field Functions. This includes developing models for market, price, and product analysis. You will also be expected to advise on existing plans and to propose alternative strategies and action plans.

Ideally, candidates need: Degree in economics and possibly an MBA, with a knowledge of econometrics, statistics, or related subjects. At least 2 years experience in a FMCG environment is preferred.

Interested applicants are invited to write with full career details to Jean-Marc Mommer, Personnel Department at the following address:

PHILIP MORRIS EUROPE S.A. EFTA, EASTERN EUROPE, THE MIDDLE EAST AND AFRICA REGION

Av. de Cour 107, 1007 Lausanne. Switzerland.



Are you an efficient, young dynamic lawyer, banker, trustofficer or accountant?

c£18,000 + Car

LET'S TALK

about our opportunities in Luxembourg, Geneva, Monaco

The Hoogewerf Group serves corporate and private clients on a worldwide basis in the areas of international tax planning, accounting/audit functions and a full range of trustee and company management services. We are expanding and need commercially-oriented and qualified young managers ready to create and manage their own client portfolio. Our incentive is private ownership, a flexible and client-oriented organization that offers you a sizeable fixed salary, plus profitsharing, together with a true managerial position.

Let's talk, starting by sending a concise CV, which will be treated in full confidence, addressed to: Partners in Europe Ltd, BCM Box 8620, London WC IN3XX. Our independent executive recruitment consultant will then contact you for further details and a personal interview. before your application is forwarded to us.

A European trade association (located in Brussels) representing a major industrial sector has an opening for an

ASSISTANT SECRETARY-GENERAL

The prospective candidate should be a young, dynamic, well groomed, university graduate wishing to build a career. He/she will collaborate in a wide range of work on economic related

This position requires:

—a sound knowledge of EEC problems, preferably acquired through a minimum of 2-3 years experience in a similar position either at international or national level.

complete fluency in English (preferably mother tongue) and proficiency in French (knowledge of other European languages would be an

ability to draft, compile and defend dossiers before national or international bodies.

Only those applications meeting the above criteria will be considered. Detailed c.v. to be sent to A.P.F.E., 89, avenue Louise, B.-1050 Brussels.

Oct Nov Dac Jan March April Stry July Sopt Dac Jan March Way July

CHICAGO

769.0 744.0 777.0 810.0 820.0 835.0 845.0 900.0

863.4 878.2 832.9 914.0 881.9 875.0 683.4 901.5

SUGAR WORLD "II" 112,000 lbs.

PORK BELLIES 38,000 lbs. conts/tb

US MARKETS

ALUMINIUM 40,000 lba cents/lb

732.5 705.0 705.0

Closs Prev High Low 119.98 122.73 121.60 118.85 124.25 126.45 125.70 124.25 125.90 128.83 127.35 125.30 127.60 129.25 128.50 126.50 127.88 190.65 129.70 127.00 129.13 131.75 130.50 130.00 129.88 132.45 131.50 131.50

Prev 86.15 85.05 84.55 83.90 82.65 81.65 79.60 80.00 79.80 79.80 79.70

Prev 66.19 67.75 68.35 63.37 64.17 62.52 . 64.27

NEW YORK

732.5 725.0 725.0

75.20 75.10 74.00 74.10 73.10 72.80 72.50 72.50 72.50 72.50 72.50

COMMODITIES AND AGRICULTURE

LONDON

MARKETS

LONDON RAW sugar futures

prices fell sharply yesterday in line with the trend in New

York, where investors seemed

almost as anxious to get out

of sugar futures as out of

equities. Dealers noted that

Copper and aluminium join the shake-out

BY DAVID BLACKWELL

COPPER AND ALUMINIUM prices fell sharply yesterday in heavy trading on the Lon-don Metal Exchange, following the turmoil in world stock

markets.

Gold and other precious metals also fell in London yesterday — against the expectations of many pundits. Three-month copper fell £119 to £1,056,50 a tonne at the close, and three-month standard aluminium closed

down £87.25 at £1,049.50 a

On Monday, some analysts

Noranda

suit against

files tin

Canada

were predicting that gold could hit \$500 an ounce by the end of the week if equities continued to fall. In the event the London bullion market price closed after a hectic day's trading at \$466 an ounce, wiping out the strong gains made on Monday, when it closed at \$481.50.

Analysis yesterday said that the decline in pricts for

general investment climate. In contrast lead, zinc and nickel prices closed higher yesterday. The two leading base both the base metals and the precious metals was partly due to holders liquidating their positions to raise cash metals were also depressed by the underlying fear in the market that the tumbling equity markets could herald a world recession, analysis

said. Both copper and aluminium prices have been advancing strongly this year, and the time was ripe for some profit-taking.

However, physical supplies of both metals remain tight, with stocks of copper in LME warehouses falling below 100,000 tonnes last week for the first time since the begin-ning of August. Once the dust has settled, analysts believe the base metals will present buying opportunities

MacGregor takes tough line at EC farm talks

payments and equity losses. Copper and aluminium are

the most traded metals on the LME. They attract the

attention of fund managers

and private investors, making

them more vulnerable to the

BY QUENTIN PEEL IN LUXEMBOURG

By David Owen in Toronto NORANDA. the Toronto-based mining conglomerate, and its trading subsidiary Wolff bave filed suit metals against the federal Government of Canada in the fatest of a series of attempts by companies to recoup losses stemming from the 1985 International Tin Council collapse.

The lawsuit, filed in the Supreme Court of Ontario on October 9, seeks damages of C\$38m (£17.5m) and claims that the Canadian Government -which has a 2.3 per cent voting interest in the ITC-is guilty of a breach of contract, breach of fiduciary obligation and misrepresentation.

The move follows other unsuccessful attempts by com-panies to sue the 22 ITC member governments in UK courts. The High Court in London has ruled that it has no jurisdiction over an inter-

national body. According to Noranda's lawyer Mr Alan Lenczner, the Government has 30 days to respond to the suit. Noranda anticipates a court hearing "probably in December." Among the allegations contained in Noranda's statement of alarm is that unnamed government. of claim is that uzmamed gov ernment officials were aware that the ITC buffer stock manager was borrowing massive amounts of money.

WEEKLY METALS

All prices as supplied by Metal Bulietin (last week's prices in brackets). ANTIMONY: European free

market 99.6 per cent, \$ per tonne, in warehouse, 2,280-2,310 (2,270-2310).

CADMIUM: European free

market, min 99.95 per cent, \$ per lb, in warehouse, ingots 2.70-2.95 (2.35-2.55), sticks 2.70-2.95 (2.35-2.55). COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse 6.50-6.70 (same).

MERCURY: European free market, min 99.99 per cent, \$ per flask, in warehouse, 305-310 MOLYBDENUM: European

free market drummed molybdic oxide, \$ per lb Mo, in ware-house 2.85-2.95 (2.95-3.05). SELENIUM: European free market, min 99.5 per cent, \$ per lb in warehouse, 6.35-6.50 (6.10-

TUNGSTEN ORE: European free market, standard min 65 per cent. 8 per tonne unit WO, cif. 39-53 (same). VANABIUM: European free

market min 98 per cent VO, other sources. \$ per lb VO, cif

URANTUM: Nuexco exchange value, \$ per lb UO, 1665 (same).

LONDON METAL EXCHANGE **WAREHOUSE STOCKS** (Changes during week ended last Friday) (tonnes)

Aluminium standard high grade	-325 to 58,625 +975 to 25,600
Copper	-7,675 to 92,325
Lead	-350 to 18,975
Nickel	-168 to 2,244
Tin	-195 to 20,620
Zinc	+5,025 to 35,650 (ounces)

-160,000 to 20,036,000

yesternay spect out grave doubts about the European Commis-sion's proposals to step up in-come aids to the poorest farmers in the EC, to counterbalance the harsh consequences of the current reforms of the Common Agricultural Policy,

He also called for compensa-tion payments to dairy farmers accepting cuts in their milk pro-duction quotas to be reduced and phased out more quickly. The very tough British atti-

tude on agricultural reforms was spelt out at the two-day EC Council of Agriculture Mini-sters, at which most other member states were seeking to soften, rather than harden the effects of the Commission's pro-posals.

A whole range of cost-stabilis-ing proposals has been tabled by Mr Frans Andriessen, the EC Farm Commissioner, for every sector of the CAP—and the irony is that the UK Government now seems to be closer to the Commission's posi-tion on many key reforms than most other member states. It rapidly became apparent

yesterday that the divisions be-tween the Agriculture Minis-ters remain far more fundamental than the common ground—although Mr Andriesground—although Mr Audries- granting any income support— sen maintained that all now a recognition of the fact that

The British Government's shift on income aids—regarded by most member states as an ential quid pro quo for CAP reform - represents a signifi-cant hardening of its position. which was already much the toughest. It is also a direct assault on the part of the reform package closest to the hearts of southern member states, who otherwise are supporters of CAP reform.

"I am very critical of the income aids option," Mr Mac-Gregor said yesterday. "Wha: is absolutely critical is that it must not add to farm production. There is no sign at the moment that the scheme being put forward will bring that

He said his concern was that individual farmers receiving income support, supposedly not tied to production, would none-theless expand output, taking advantage of their extra cash. "Iz is essential that we have

firm arrangements to guarantee against production being in-creased at the individual farm level," he said. The Commission must also ensure that non-farm income was taken into account before

MR JOHN MacGregor, the accept the need for some form
British Minister of Agriculture, of "stabilisers."

The British Government's have lucrative urban employ-

On the dairy compensation payments, Mr MacGregor said that the EC budget simply could not afford the present levels of Ecu 7 per 100 kg of dairy production cut in 1989-80, and Ecu 6 per 100 kg in 1980-82.

Ecu 6 per 100 kg in 1990-92.

Earlier Mr Andriessen had warned other member states against seeking to pick and choose elements in the total package of stabilisers. Both France and the Netherlands want cereal farmers to be able to switch to different crops, rather than simply cut production, which he warned might negate the effect of the production controls.

Mr MacGregor said there was growing support for the British suggestion of a set-aside scheme for cereal farmers as a complement to price cuts West Ger many was cited as one sup-porter, although Bonn has porter, although Bonn has always seen set-asides as a form of quota scheme which would be an alternative to price cuts.

"I believe the Germans are re-thinking their position," Mr MacGregor said. Ambiquous West German briefing in the corridors of the meeting suggested that such a conclusion

Forest storm damage surveyed

310 (2.270-2310). the timber market has been formed by the Forestry Commarket min 99.99 per cent. \$ mission, the Timber Growers' per lb, tonne lots in warehouse Organisation and the British Mr David Foot, an executive member of the Forestry Commission who is in charge of the emergency operation, described the aftermath of Thursday night's hurricane-strength winds

as "an environmental tragedy" for south-east England. As a first step, the Commis-sion had already started aerial reconnaissance of the worse affected areas. These were south of the River Thames in Kent, Surrey, Sussex and Hampshire, although parts of Suffolk were also badly affected by the freak 100mph winds.

Mr Foot said that while it would "clearly take years to restore and rehabilitate the affected woodlands." the top priority now was to find out how much timber was lying on the ground and to establish an affective marketing extratery. effective marketing strategy. However, there could be a fallen timber had None of the main British tim- disproportionate effect in cer- 18 months to clear.

AN EMERGENCY action group ber organisations was ready last tain sectors of the market. Yes to assess the impact of last night officially to estimate the terday the British Timber weekend's storm damage on extent of the devastation. Merchants' Association sugboth English forest owners and Unofficial estimates suggest gested that a glut in hardwoods night officially to estimate the extent of the devastation.

Inafficial estimates suggest

Lam occurs of the British Timber terday the British Timber Merchants' Association suggested that a glut in hard-lower gested that a glut in hard-lower terms and the lower terms are the lower terms.

that timber on the ground as a result of the storm could be anything between 1m and 3m cubic metres. That would be ees about a fifth and three-fifths of Britain's annual already in oversupply. consumption of domesticallysome 5.6m cubic metres last year. Neither is it yet clear

whether is it yet clear whether the majority of the timber felled by the wind is hardwood, like oak and beech, or softwood, like pine and larch. The former is the smaller market (just over the smaller market (just over the smaller market). cu metres last year, used principally in joinery, some construction and furniture).

It is unlikely that the over-ail timber market in the UK will be seriously affected by the crisis in the south-east, it only because Britain imports mark because Britain imports more than 85 per cent of its timber and timber product requirements, currently worth some £4.5bn a year.

would be most felt at the lower end of the market — in pit props for the coal mining industry for example — as well The problem at the top end of the market could be the diffi-

from areas of great devastation even though they would be much in demand for high quality furniture, construction or for export of veneers. Yesterday, the Forestry Com

mission was at pains to tell forest owners not to be panicked either into selling too quickly, or into sawing up fallen trees which could be better

or fungal diseases than when temperatures were higher. However, he also recalled that when gales had hit central Scotland 4.5bn a year.

in 1968 the 1.5m cu metres of
However, there could be a fallen timber had taken some

Manila launches more futures

BY RICHARD GOURLAY IN MANILA

THE PHILIPPINE Securities in monthly positions up to six philippines millers initially months ahead.

Monday approved in principle the listing of coffee, copra and coconut oil on the Manila Inter
The Philippines accounts for about 70 per cent of the world's coconut product exports and coconut oil on the Manila Inter-Monday approved in principle the listing of coffee, copra and coconut oil on the Manila International Futures Exchange. Mr Manila will be the only futures Uisdein McInnes, the market chairman, said yesterday.

The three new contracts will start trading in early November once "minor details" have been ironed out with the SEC, he They will join sugar and sova bean futures contracts which were launched with the exchange a year ago. The coffee contract will be

exchange trading copra and coconut oil contracts apart from Los Angeles, where the contract never took off, Mr McInnes said, "If it can't work here it can't work anywhere," he added. There are, however, "large educational problems" involved in introducing the concept of

futures contracts to the coconut industry's producers, millers Meanwhile the Mife Board

a daily average of \$6.7m daily

in the sugar and soya bean con-tracts, which Mr McInnes de-scribed as "quite creditable for a new market in a new place." Most trading has been speculative in nature but exchange officials hope that with the in-troduction of the new contracts there will be more professional

The coffee contract will be industry's producers, millers suspended one of its members, for 2.5 tonnes while the copra and traders, Mr McInnes and coconut oil contracts will be admitted. Because there is failing to meet a margin call on for 20 tonnes. Trading will be excess crushing capacity in the Monday.

Australian wheat earnings plunge A\$1bn

BY CHRIS SHERWELL IN SYDNEY

subsidies for a plunge of about one-third in Australia's wheat export earnings.

of wheat were shipped to 47

The largest tonnages in pate in exports and increased mission on grain storage, handlcountries in the year to Sep1986-87 went to China (3.72m competition in the domestic ing and transport, in a paper achieved in the previous year, but earnings were down A\$1bn to AS2bn (\$860m) "because of depressed world prices caused by the US/EC export subsidies."

over stocks and the effect of handling and transport, depressed prices has forced wheat farmers to reduce plantings to the lowest level of the should be greater opportunity lian industry's competitiveness. last 10 years," he said. for private traders to partici-The Board said 15.6m tonnes last 10 years," he said.

tember, only 400,000 tonnes tonnes), Iran (2.21m tonnes) short of the 16m tonne record and Egypt (2.17m tonnes). The Soviet Union, Iraq and Japan cline in world wheat prices since were also major customers, 1981 was principally the result although Soviet purchases were of lower real production costs, It rejected the ideas of trying

higher protein wheat.

wheat market.

THE AUSTRALIAN Wheat similar sales volumes were from the Industries Assistance cies of other governments, the Board, which markets the achieved again.

Commission (IAC) and a Royal commission said negotiations (Commission into grain storage. repaid. It suggested that a range Earlier this month the IAC of domestic actions in the mean said in a draft report that there time could improve the Austragiving its preliminary findings, Significantly, it said the de- said deregulation in these three

although Soviet purchases were of lower real production costs, down because of a shortage of achieved through yield increases to administer the existing instiwhich were the result of techno- tutional arrangements more Mr Ron Paice, the Board's The Board's role in wheat logical improvements and effectively and of removing general manager, said it would probably be some time before cism recently through reports On the trade distorting poli-

INDICES

REUTERS Oct. 19 Oct. 16 Mith ago Yearago 1679,8 1679.5 - -(Base December 31 1831 = 100)

DOW JONES

large speculative long posi-tions had been built up in London on the way to recent 7-month highs. Many of these were liquidated yesterday. Dollar strength against sterling was also a factor in the sugar market, which is denominated in dollars. The currency factor worked in the other direction, however, in the sterling-denominated London cocoa futures market. A firm tone in the New York market also influenced the market as March cocoa futures climbed £22 to close at £1,198.50 a toune. The New York market also provided a lead for London coffee futures, which eased a little on the day. Dealers said the New York selling was attri-buted to attempts to fill a chart gap left by the sharp price rise which followed the reintroduction of Interreintroduction of Inter-national Collee Organisation export quotas. The dollar's strength had encouraged a

recover.

LME price supplied by Amalgamated Metal Trading.

ALUMINIUM 99.7% | Unofficial + or | High/Low purity | close (p.m.) - |

\$ per tonne 1875-95 -825 -1755-65 -185 1780/1760 Official closing (em): Cash 1850-70 (2130-40) three months 1730-50 (1970-80) settlement 1870 (2140). Final Ker-close: —... Ring turnover: 400 tonnas.

1148-60 -107 -1049-60 -87,25,1065/1010 Official closing (am): Cash 1100-02 (1271-2) three months 1015-20 (1151-2) settlement 1102 (1272). Finel Kerb close: 1040-2, Ring turnover: 79.750 topnes.

Unofficial + or close -2 per tonne 1112-5 -102 1060:1060 1065-8 -119 1095/1020

LEAD

Cash 370-2 |+7,5 354/-3 Months 365,5-4 5 +7,75 367/348 Official closing (am): Cash 354-4.5 (384-5) three months 351-1.5 (358-9.5) settlement 354.5 (365). Final Kerb close: 362.3. Ring turnover 13,550 tonnes. US Spot: 42 cents per lb.

NICKEL

Unofficial + or close (p.m.) — High/Low Cash | 3550-5 | +15 | 3900/858 3 months | 3490-500 - 17,5 | 3600/858 Official closing (sm): Cash 3900-10 (3545-50) three months 3500-800 (3530-5) settlement 3910 (3550). Final Kerb close: 3520-40. Ring turnover 7,388 tonnes.

Unofficial + or close (p.m.) -- High/Low Official closing (am): Ceah 451-2 (465-6) three months 458-6.5 (466.9) settlement 452 (466). Final Kert close 474-5. Ring turnover: 23.550 tonnes. U5 Prime eWatern: 43-43.75 cents per

TRADED OFTIONS Strike Price Calls

Srtonne Nov. Nov. Nov. Jan. Nov. Jan.

32

KUALA LUMPUR TIN MARKET: Close 17.23 (17.19) naggit per kg. Up 0.04 ringgit per kg.

GOLD BULLION (fine cures) Oct. 20 Ciose \$465.467 (281.2631s)
Opening.... \$47612.47812 (28612.286)
M'n'g fix 3491.60 (£2888.297)
Aft'n'n fix 3494.30 (£390.713)
Day's high \$48111.48212
Day's low \$455.467 GOLD AND PLATINUM COINS

Am Eagle, \$478.493
Mapleleaf\$478.494
Krg*rnd..3465.467
½ Krug....\$636.467
¼ Krug....\$13012-13112
(£7834.7912)
¼ Krug....\$497.500
1/16 Angel\$50.55
New Sov. \$108.110
01d Sov...\$109.111
Britannis.8478.493
Noble Plat.8608.618
(£36714.37312)

JUTE—October/November, c and f Dundes: BTC \$570; BWC \$580; BTD \$495; BWD \$485, C and f Antwerp: BTC \$540; BWC \$530; BWD \$475; BTD

Dow Oct. Oct. M'th Year Jones 16 14 ago ago Spot 128 14 127.52 — 121.67 Fut 153,88 135,40 — 121,35 (Base December 31 1931 = 100)

MAIN PRICE CHANGES

METALS \$1860/870--275 \$1785/755 Tin ... Mkt ... £4140/170 + 8.5 £4186/150
Tungsten ... 851.15
Wolfram 22.01b. 236/50 ... 838-60
Zinc ... £478 + 11.8 £447.5
5 months ... £477.5 + 11.8 £452.76

rise early in the afternoon, but the gains were pared when the pound began to

Unquoted. † Per 75-lb flask. c Cents pound. * Cotton outlook. w Oct-Nov. Nov. z Dec. t Nov-Dec. v Jan-Feb.

COPPER

Official closing (am): Cesh 1050-80 (1228.5-8.5) three months 1022-5 (1187-8) settlement 1060 (1228.5). Final Kerb Close: 1040-1.

Official closing (zm): Cash 1030-40 (1210-1) three months 1015-20 (1178-82) settlement 1040 (1211). US Producer prices 92-97 cents per ib. Total ring turnover 139,275 tonnas.

nofficial + or lose (p.m.) — £ per tonne

ZINC

ium 99,7% Alumin- 1,700 lum 1,850 99.5% — _ |32 _ _

£1113.5 --102£1129.75 £1056.5 --119£1108.5 \$456 --15.5;5451.25 £371 +7.5 £390.5 £364 +7.5;£373.5

-17.5 \$335

21196.5 (+22.6 £1224.5 £1339.5 (-6.5 £1321.6 73.65c (-1.86 £5.05c) 2167.0 (-4.5 £136 66.5p (-0.5 70p 8177.0w (-0.2 £164.2 660p kilo (-4.480pkilo

Silver was fixed 24.85p an ounce lower for spot delivery in the London bullion market yesterday at 488.85p. US cent equivalents of the fixing levels were: spot 783.5c, down 47.3c; thresmooth 800.3c, down 48.95c; six-mosth 817.75c, down 51.05c; and 12.month 551.55c, down 89.5c. The metal opened at 465-475p (775-790c) and closed at 450-450p (745-755c).

Bullion 1 or LM.E. 1 or Fixing price Unofficial Final karb class 756-80c.

COFFEE

London robusts traded in a very mixed feathion, eventually closing some unchanged to £5 down, reports Dresel Burnham Lambert. After Intially moving lower with trade selling, the market found good support at lower levels with European demand for nearly robusts. With the dollar stredying over the lunch period the market was aventally absorbed. Lavels eased in the afternoon against a week New York performance.

Sales: 3516 (3221) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 19 Comp. daily 1979 111.61 (112.41); 15-day averege 110.43 (109.90).

COCOA Futures moved sheed in active trad-ing to close at the highs of the day 22 above the previous evaning. Light acele down consumer interest was again the only item of interest in the physical market with an apparent lack of producer or second-hand business at current levels, reports Gall and Durius.

OIL

SUGAR

No. 5 Whites

Yesterday's + or Suniness done COCOA Dec. 1165-1166 +25.0 1167-1142 |
March 1198-1199 +22.0 1201-1177 |
May 1219-1220 +22.0 1221-1189 |
July 1228-1228 +20.0 1244-1222 |
Sept. 1257-1258 +18.0 1250-1240 |
Dec. 1276-1277 +23.0 1229-1238 |
March 1299-1300 +10.0 1207-1238 Sales: 4073 (3559) jots of 10 tonner.

ICCO indicator prices (SDRs per tonne). Delly price for October 19 1452.37 (1457.20): 10-day average for October 20 1476.37 (1481.33). FREIGHT FUTURES | Close | High/Low | Prev.

1122/1185 1246/1199 1276/1248 1163/1140 1220/1229 — Oct, Jan, Apr. July Oct. Jan, April BFL

Turnover: 1549 (298).

GRAINS LONDON GRAINS—Wheat: Us dark northern apring No 2 14 per cent Nov \$3.25. US No 2 act red winter Nov \$1.75. French 112-12 per cent Cet 138.00 sellers. English feed fob Nov 110.50 paid, Dec 112.00, Jan/Mar 115.00, Apr/Jun 117.50 sellers. Mass: US No 3 yellow/French transshipment East coast second helf Oct 133.50 seller. Barley: English feed Nov 108.50, Dec 109.50, Jan/Mar 112.50 sellers. Rest unquoted.

BARLEY Yest'dy's + or Yest'dy's + or Nov.... 108.90 —0.83 102.90 —0.95 Jan.... 111.40 —0.80 205.80 —0.55 Mar.... 113.30 —0.89 107.85 —0.85 May.... 115.45 —0.83 108.35 —0.85 July.... 117.65 —0.89 — — Sapt... 103.10 —0.39 99.25 — Nov... 104.50 — 101.75 —

Business done — Wheat: Nov 108.15-8.30, Jan 111.40-0.70, Mar 113.20-2.70, May 115.30-5.10, July 117.50-7.45, Sept 103.00 only, Nov 104.50 only, Sales: 570 lots of 100 tonnes. Barlay: Nov 103.00-2.95, Jan 105.85-5.35, Mar 107.86-7.45, May 108.15 only. Sales: 287 lots of 100 connes.

SOYABEAN MEAL 190 tons; S/ton SOYABEAN OIL 60,000 lbs; car ORANGE JUICE 15,000 lbs; cente/lbs Close 19,000 140,55 145,50 140,55 143,20 140,50 143,20 140,60 143,25 140,76 143,50 140,76 143,50 137,15 138,50 141,50 138,50 140,85 V High Love Starch 17.97 18.40 144.35 128.53 July 18.17 18.72 18.90 141.75 138.70 Aug 18.37 18.95 141.05 138.65 Oct 18.35 12.95 141.05 140.75 Dec 18.35 12.95 138.90 138.50 138.50 WHEAT 5.000 bu min: cents/60tb-bushel PLATINUM 60 troy oz, \$/20y oz Oct 579.2 604.2 581.4 606.4 SPOT PRICES: Chicago loosa lard
— 14,000 (same) cents per pound. New
814.4 614.4 York tin 319.00-321.000 (320.00-321.00)
— cents per pound. shipper selling, reports T. G. Roddick. HGCA — Locational exterm and prices: Feed Barley: S. Eest 102.30; S. West 101.80; W. Mids 100.70; N. West 100.70. The UK monetary coeffilent for the week beginning Monday October 26 (based on HGCA calculations using 5 days exchange rates) is expected to ramein unchanged.

CRUDE OIL-FOB (\$ per barrel) Nov.

Prompt delivery of (\$ per tonne)

Sales No 6 6212 (3624) lots of 60 tennes: No 5 1596 (943).

GB—Sheep 168.71p per kg est dow (-5.13); GB—Pigs 73.97p per kg iw (-2.14).

POTATOES Market twice tested £159.00 level, basis April position, but again found keen seiling interest here. Confidence eventually eroded with values drifting back down to unchanged by closs, reports Coley and Harper.

E per tonne Nov. 91.50 93.00,92.00-91.50 Feb. 104.0 107.50:104.00 March 95.0 92.50 93.00 Apr. 157.0 157.10:159.00-166.60 9 May 168.80 170.00:171.00 Nov 75.0 80.00

Sales: 706 (---) lots of 40 tonnes

SOYABEAN MEAL A very mixed session with violent price movements. Early commercial saling forced prices lower before firm cash markets letter in the day caused values to bounce back to around unchanged, reports Muirpace. LONDON DAILY PRICE—Raw suger \$177.80 (£105.80), down \$0.20 (up £1.00) a bonns for November/Dacember delivery. White suger \$191.00 down

Yesterd'ys + or Susiness done 150.0-151.0 + 0.10 150.0-127.5 152.0-155.8 + 0.50 160.5-128.5 152.0-128.0 + 0.75 128.5-128.0 + 0.75 128.5-127.0 + 0.75 128.0-128.8 + 0.50

GAS OIL FUTURES Ciose USS per tonne 169.75 -4.50 188.50 54.79 167.00 -4.50 188.50 54.79 168.28 -4.60 178.25-94.60 -5.60 171.92-57.75 -168.00-88.88 164.00 -184.00-54.98

Tumover, 8.240 (10,002) lots of 100

APPOINTMENTS

centimetre Premium positions will be charged 552 per single column centimetre For turnher information call:

01-248 4782

Old crop markets seemed to reflect desparation in stock market trading reaching a staggering £1.45 down in apot Nov wheat trade before recovering on kean trade buying, with barley reacting likewise on alipper support having experienced early intoge

tennes: No 5 1596 (943).

Tete and Lyle delivery price for granulated basis augar was £212.50 (£211.00) s tenne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for October 19: Daily price 6.72 (6.71): 15-day average 6.40 (8.35).

PARIS—Whites (FFr per tenne): Dec 1120/1123: Mar 1162/1185: May 1187/1195: Aug 1217/1230; Oct 1240/1250: Dec 1256/1272. RUBBER

PHYSICALS — Closing prices (buyers): Sect 65.50p (66.00p): Nov 67.75p (68.25p): Dec 68.00p (68.50p). The Kuala Lumpur fob prices (Malay/ Singepore cents per kg) were: RSS No 1 266.8 (270.0): SMR 20 265 (257).

MEAT COMMISSION

ADVERTISING £43 per single column

Daniel Berry Ext 3456

Tessa Taylor Ext 3351

Dollar stages sharp recovery

EMS EUROPEAN CURRENCY UNIT RATES

43.2093 7.97933 2.07608 6.93416 2.33526 0.775157 1498.26

POUND SPOT-FORWARD AGAINST THE POUND

| 1.4460-1.6755 | 1.6595 | 1.6595 | 0.28-0.25c pm | 1.92 | 0.66-0.61pm | 0.33-0.21pm | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37t | 3.36-3.37

Belgian rate is for convertible francs. Figural I franc 62-50-62-50. Skt-month forward dellar 1-40-1-30cpm, 12-month 2-60-2-45cpm.

\$\frac{1.6460-1.6755}{1.4790-1.4792}\$\frac{1.6545-1.6555}{1.4790-1.4792}\$\frac{1.6545-1.6555}{1.4790-1.4792}\$\frac{1.6545-1.6555}{1.4790-1.4792}\$\frac{1.6545-1.6555}{1.4790-1.4792}\$\frac{1.2654-1.6555}{1.4790-1.4792}\$\frac{1.2655-1.4805}{1.4790-1.2056}\$\frac{1.265-1.2055}{1.2691-1.2056}\$\frac{1.

7 UK aid ireland are quoted in US corrency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Firmacial franc 37.75-37.85

Long-term Eurodollars: Two years 99,994 per cent; three years 99,994 per cent; four years 95,994 per cent; file years 95,995 per cent nominal. Short-term rates are call for US Dollars and Japanese Yes; others; two days' nomice.

Oct. 20 £ S DM Yer F.Fr. S.Fr. H.FL Lirz C.S B.Fr.

1.655 2.995 238.3 9.993 2.483 3.365 2160. 2.182 62.30 1. 1.808 143.9 6.038 1.501 2.034 1305, 1.318 37.65

0.534 0.553 1. 79.62 3.539 0.830 1.124 721.8 0.729 20.82 4.197 6.946 12.56 1000. 41.94 10.42 14.12 9066 9.156 26.1.5 1.001 1.656 2.995 238.4 10.00 2.484 3.368 2162 2.183 62.35 0.403 0.667 1.205 95.97 4.025 1. 1.355 870.1 0.879 25.10

0.297 0.492 0.889 70.80 2.970 0.738 1. 641.9 0.648 18.51 0.463 0.766 1.385 110.3 4.626 11.49 1.558 1000. 1.010 22.84 C \$ 0.458 0.759 1.372 109.2 4.501 1138 1.543 990.1 L 28.56 B Fr. 1.605 2.657 4.803 382.4 16.04 3.985 5.401 3467. 3.502 100.

104-104 8& 8& 8 94-94 5&-5& 4&-4& 4&-4& 8&-8& 12-11, 74-7 44-44 104-94 83-84

EURO-CURRENCY INTEREST RATES

98.92 74.77 82.84 54.43 14.33 10.75 10.59 64.6 64.54 54.92 74.75

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

95-92 75-72 84-8 53-44 13-52 75-72 11-10 52-53 95-94 78-74 78-74

EXCHANGE CROSS RATES

Oct. 20

One month p.l.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1,483.58

526glan Franc
Denish Krone
German D-Mark
French Franc
Dutch Gullter
Irish Punt
Italian Line

** change from central rate +1.77 +1.62 +0.85 +0.44 +0.60 +0.88 +0.99

Divergence (imit % ± 1.5344 ± 1.6404 ± 1.0961 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752

1.53 0.49 4.31 3.37 -0.33 0.75 -3.74 -0.95 -2.31 -7.80 1.08 0.40 5.33 5.84

LONDON

The dollar rose sharply pesterior thing conditions, recogning and provided in the condition of the condition

accord after Mr James Baker, US
Treasury Secretary, had openly
criticised the increase in West
German interest rates. However
the dollar started the day on a
stronger note after it became
known that Mr Baker had met Mr
Gerhard Stoltenberg, but the
improvement tailed off because
dealers were afraid that the dol-

£ IN NEW YORK

57.

Previous Clase

STERLING INDEX

CURRENCY RATES Special * Drawing Rights

0.778219 1.29947 16.3785 48.7013 3.96244 N/A 2.63013 7.83501 N/A 1.85.364 8.55571 18.1.825 8.23084 1.93296 1.93296

OTHER CURRENCIES

. : . .

MONEY MARKETS **London rates ease**

tion to international events that the rise to £4.4bn from £2bn in UK was also provided. the rise to £4.4bn from £2bn in UK
September bank lending. Forecasts in the City were for an
increase in the region of £3bn.
Money supply growth was generally regarded as satisfactory,
with sterling M3 rising 0.8 per
cent, compared with expectations
of an unchanged 1.5 per cent. The
increase of 0.8 per cent in MO
liquidity.

cent, compared with expectations of an unchanged 1.5 per cent. The note circulation adding £35m to liquidity.

from 0.3 per cent was within the range of most forecasts.

Three-month interbank fell to 10½-10½ per cent from 10½-10½ per cent from 10½-10½ per cent, as the recent weakness in international equity prices appeared to reduce the likelihood of a rise in the US and Japanese discount rates.

UK clearing bank base lending rate 10 per cent since August 7

Chemical Bank and Marine Midland increased their prime rates to 9½ per cent last week, but returned to 9½ per cent yesterday. The Bank of England initially forecast a money market shortage of £300m, but revised this to £200m in the afternoon, and provided total help of £185m.

Before lunch the authorities money rising towards 8

These outweighed a fall in the note circulation adding £35m to liquidity.

In New Yerk the Federal Reserve added liquidity to the banking system via two-day system via t

FT LONDON INTERBANK FIXING CILOO a.m. Oct. 200 3 months U.S. dollars

bid 84 g after 87s

104-104 84-84 94-84 53-54 44-44 94-9 124-12 74-74 73-7 104-104 9-82

10%-10%
8%-8%
10%-9%
6-5%
4&-4%
9%-9%
12%-12%
7%-7%
7%-7%
12%-12%
7%-7%
11-10%

INTEREST RATES on the London money market showed more reaction to international events that the rise to \$44 hn from \$24 h in TTK

Late assistance of around \$20 m Money RATES

The fluing rates are the arithmetic means, rounded to the neurest coe-sisteenth, of the bid and offered rates for \$10 m quased by the merket to five reference basis at \$11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Dentsche Bank, Bank of Toky 8.25 8.64 8.81 9.16 9.26 9.48 October 20 4.10-4.20 77-8 3-34 5-1-5-1 184375 107-114 641-64 81-74 5.05-5.15 8%-8% 4%-4% 6-6% 50 72

104-104 103-104 104 103 94 104 94 95 102 840-835 71-72 8-74 10°-10°4 10°-10°2 10°-10°4 10°-10°4 10°-10°4 10°-10°-10°4 95.46 92 %-% %-% 10%

The Bank of England initially forecast a money market shortage of 2300m, but revised this to £200m in the afternoon, and provided total help of £185m.

Before lunch the authorities bought £26m bank bills in hand 3 at 3% per cent, and £85m bank bills in hand 3 at 3% per cent, and £85m bank bills in band 4 at 3% per cent. In the afternoon another £67m bills were bought outright, by the contract of

FINANCIAL FUTURES

Volatile trading

Strike Calis—Last
Price Now. Dec. Jan. Mar. Now.
1.45 20.65 20.65 — 20.66 0.00
1.50 15.65 15.66 — 15.65 0.00
1.55 10.65 10.65 10.65 10.65 0.00
1.55 10.65 10.65 5.91 6.46 0.07
1.65 2.55 5.65 5.91 6.46 0.07
1.65 1.55 2.15 2.80 3.60 1.16
1.70 0.14 0.52 1.03 1.76 4.75
1.73 0.00 0.07 0.29 0.74 9.61
1.80 0.00 0.01 0.05 0.07
1.80 0.00 0.01 0.05 0.07
1.80 0.00 0.01 0.05 0.07
1.80 0.00 0.01 0.05 0.07
1.80 0.00 0.01 0.05 0.07
1.80 0.00 0.01 0.05 0.07
1.80 0.00 0.01 0.05 0.07

Dec. 178.00 197.50 138.00 195.85 May. 182.50 195.25 200.35 Estimated volume 11.052 (9,111)
Previous day's open let. 7,462 (7,761)

Dec. March Jone Sept. Dec. Mar. Jone Estima

25.520 (13.894)

Close High Low Prev. 83-08 88-10 80-16 76-27 82-14 83-00 80-16 76-03 of Volume IVA (IVA) day's open Int. IVA (6,762)

1.6355 1.6250 1.6300

CURRENCY FUTURES

IMM-STERLING So per S Latest High 1.6485 --1.6450 ---

POUNTS—S (FOREIGN EXCHANGE)

LIFFE-STERLING £25,000 \$ per £

6 months U.S. dollars

117-124 72-72 91-91

bid 8%, offer 8%

Spot 1-mth. 3-mth. 6-mth. 12-mth. 14550 16524 16487 16415 16298

Pits—Last
0ec. Jan. Mar.
0.00 — 0.05
0.00 — 0.23
0.05 0.24 0.75
0.45 1.02 1.96
2.05 2.91 4.10
5.42 6.14 7.26
9.97 10.40 11.24
14.91 15.17 15.77

| Sur-like | Fridge | Sur-like | Strike
Price Nov. Dec. Jan. Har. Nov. Dec. Jan. Mar.
1.575 7.25 7.35 7.65 7.90 0.05 0.40 0.70 1.45
1.460 4.95 5.20 5.70 6.10 0.20 0.80 1.30 2.20
1.625 2.90 — 4.05 4.60 — — — 2.05 —
1.650 1.80 2.35 2.70 3.30 2.30 12.60 3.20 4.30
1.675 0.80 1.20 1.80 2.35 3.30 14.10 4.70 5.80
1.700 0.15 0.60 1.10 1.65 5.25 5.90 6.45 7.45
1.725 0.10 0.25 0.70 1.10 7.55 8.00 8.30 9.25
President side of the control

CHICAGO Dec. 99.72 89.75 89.52 89.37 March 89.72 89.75 89.55 89.35 March 89.75 89.75 89.35 89.35 89.45 89.35 89.55 89.35 89.55 89.35 89.56 89.35 89.60 89.56 89.35 Dec. 89.65 89.35 89.60 89.56 89.35 Perclose, day's open int. 17,255 (17,076)

Latest	High	Low	Prev.
91.72	93.20	91.45	90.38
91.55	94.00	91.15	90.23
91.32	93.80	91.00	90.05
91.08	92.00	90.70	89.87
90.90	91.35	90.60	89.72
90.70	91.50	90.50	89.41
90.54	90.53	90.30	89.53

Advertisement copy date November 6 1987 The Financial Times proposes to publish this survey on the above date. A number of areas will be covered including: * Management Consultancy

* The importance of medium sized firms * Corporate Finance

Don't lose what

you've gained. Invest now in gold.

THE AUSTRALIAN NUGGET

ACCOUNTANCY

Publication date November 20 1987

Ask your bank or broker today or write to; CoddCorp Australia Chemin Petite Boissière nº 41 · CH-1208 Genéve 3 · Switzerland. Please send me complete information about Australian Nuggets

Editorial Information

Information on advertising can be obtained from Claire Broughton telephone number 01-248 2131, 248 8000 extension 3234, or your usual Financial Times representative

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

LG. INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO FT 30 FTSE 100 WALL STREET 1313/19 -82 Oct 1652/59 -103 Nov 1451/59 1313/19 -82 Dec 1652/59 -103 Dec 1446/54 Dealing bours from 9sm to 9pm, Prices taken at 5pm.





Banco Nacional de Mexico.

Much has changed.

The Mexican economy is opening to the world. The country enjoys a positive trade balance. Mexican international reserves stand at a new high.

Few realize that Mexico, long known as an oil exporting nation, has increased non-oil exports from \$4.5 billion to \$9.5 billion in just four years. As the concept of the global economy becomes

a reality, the strategic importance of Mexico is becoming even more evident to the international business community. Today over 1000 "in bond" assembly plants in Mexico export competitive goods to world markets.

New investment incentives and joint ventures are forming the basis for new business strategies. But change engenders questions.

When those questions concern Mexico, the answers can be found at Banco Nacional de Mexico. For good reason.

Banco Nacional de Mexico is a financial institution of size, knowledge and experience. A bank that is totally committed to respond with alacrity and an uncommonly high standard of professionalism to the international business and financial needs of anyone executing a business strategy in Mexico.

Banco Nacional de Mexico. The right answer.

Banco Nacional de México

MAIN OFFICE leabel is Catalica 44, 05089 Mexico, D.F. Tel. 518-9020 Telex (1-773-671 - INTERNATIONAL DIVISION Andrés Bello 45, Col. Polanco 11560 Mexico, D.F. Tel. 203-1094 Telex: 1773571 - NEW YORK 375 Park Avenue, New York, N.Y. 10152, U.S.A. Tel. (212) 702-2500 Telex: 12204 - NASSAN P.O. Box N-9100, Nessau, Bahamas - L.OS. ANGELLES 300 West Sorth Street, Suite 1616, Los Angelas, CA 90017, U.S.A. Tel. (213) 624-6225 Telex: 67238 - TORONTO One First Canadian Place-Suite 3430, Toronto, Origino, Canade M5X1C9 Tel. 368-1399 Telex: 08-217797 - HOUSTON Allied Bank Plaza, 1000 Louislana St., Suite 6920, Houston, Texas 77002, U.S.A. Tel. (713) 651-9091 Telex: 240736 - CHRCAGO One Finencial Place, 440 South La Soite St. Suite 3630, Chicago, Uinois 60605, U.S.A. Tel. (312) 663-7380 - LONDON Wirchester House, 77 London West, London EC2N IBE, England Tel. (01) 638-6171 Telex: 23725 - FRAINFEURTY Kettenholweg, 22 3-S. 6000 Frankfurt 1, Federal Requisic of Germany Tel. 724-1406 Telex: 43407 - TOKYO Kolassel Bidg No. 770, 3-14 Maturouchi, Chlyods-Ku, Telyo 100, Japan Tel. 312-5257 Telex: 2223330 - SEMBAPORE: 1001-1006 50 Reffles Place, Singspore 0104 Singspore Tel. 224-255 Telex: 22209 - SAO PAULO Avenida Paulista 1728, 3°ander 01311, Sao Paulo, EN, Brazil Tel. 257-4212.

16

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

MATIONAL AND REGIONAL MARKETS		TVES	AY OCTOBE	R 20 1987		MONE	AY OCTOBE	R 19 1987	DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)	
Australia (90)	111.11 90.91 85.88 133.31 121.92 84.74 123.28 129.26 311.06 95.89 104.22	-23.6 -55.5 -25.5 -11.4 -6.2 -20.1 -16.1 -16.2 -16.6 -15.3 -11.9 -16.1 -16.3 -25.6 -70.1 -8.0	108.90 85.32 95.07 91.37 99.54 81.44 76.93 119.42 109.22 75.91 110.44 115.79 278.55 85.90 93.36 119.65 95.22 155.38 134.81	113.11 89.53 98.93 97.38 105.14 86.10 133.64 116.00 82.59 112.14 126.02 550.79 85.60 120.249 128.55 134.13 107.62	354 237 4.87 3.13 2.84 3.240 3.54 2.94 2.90 0.514 3.53 2.30 2.42 3.32 3.32 3.32	159.10 100.84 108.80 115.10 118.50 92.79 92.03 133.50 145.37 147.90 152.53 352.93 105.52 124.28 163.26 142.78 192.64 162.00 124.02	140.36 88.97 95.99 101.54 104.55 81.86 81.19 117.78 128.25 79.73 130.46 134.57 31.36 93.09 109.65 142.92 169.95 142.92	145.98 93.13 99.95 108.05 110.28 85.02 133.64 136.19 85.19 85.248 148.24 625.08 96.20 101.06 145.04 137.22 140.39 143.17 115.62	180.81 102.67 134.89 141.78 124.83 121.82 104.93 158.68 160.22 112.11 161.28 193.64 422.59 131.41 138.99 185.01 174.28 198.09 168.81	99.92 85.53 96.19 100.00 98.18 90.91 84.00 96.89 99.52 100.00 92.24 99.72 95.89 83.93 100.00 99.29 100.00	90.36 96.21 90.71 97.72 99.98 91.77 91.77 80.22 105.84 98.94 95.11 80.60 109.31 99.72 94.97 96.11	
Sweden (34)	114.13 91.80 125.56 96.34 105.98 123.23 116.38 96.64 93.83 122.91 116.59 107.10 108.32 101.79	-8.0 -42 -12.6 +3.8 -9.1 -16.6 -14.0 +2.8 -5.9 -15.7 -13.8 -8.0 -8.5 -3.1	102.24 82.24 112.48 86.30 94.94 110.40 104.26 86.57 84.06 110.11 104.45 95.94 97.04	107.62 85.40 112.48 96.34 97.48 112.45 106.49 96.42 88.25 116.70 102.12 102.83	215 1,98 4,09 3,85 3,87 0,84 1,80 3,80 2,95 3,51 1,87 2,36 2,53 3,66	124.02 95.78 143.68 92.83 116.57 147.72 135.30 94.04 99.71 145.74 135.33 116.45 118.41 104.99	109.41 84.50 126.76 81.90 102.84 130.32 119.37 82.96 87.97 128.58 119.39 102.74 104.74 104.74	115.42 87.45 126.76 92.83 105.57 132.89 121.95 193.73 193.74 121.98 110.00 111.00 100.89	136.64 111.11 162.87 137.42 130.02 158.77 143.65 137.55 111.97 164.03 143.38 138.82 139.47 134.22	90.85 91.80 99.85 92.83 99.78 100.00 100.00 94.04 93.83 99.92 100.00 100.00 100.00	98.15 94.22 92.34 98.16 94.35 88.68 90.92 98.11 95.86 91.17 94.05 96.41	

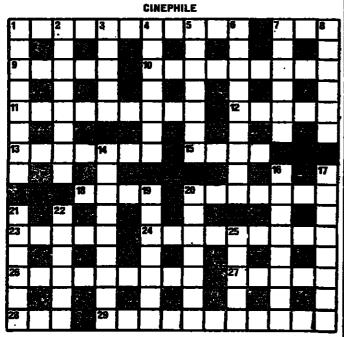
Figures for European Options were not available for this edition

Fifth Professional Personal Computer Conference London 27 & 28 October 1987

For information please return this advertisement, together with your business card, to: Financial Times

Conference Organisation 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ Alternatively, telephone 01-925 2323 telex 27347 FT CONF G Fax: as tel no.

FT CROSSWORD PUZZLE No. 6,461



ACROSS

1 Mishap (omission replacing error in middle) for locums
(11)

7, 28 Discuss terms on level

grassland (6)
9 Madly keen or possibly slack? (5)

13 Riviera resort opposed to

bills of exchange? (7)
15 A bit of a reduction? (4)
18 Dostoievsky's brothers end in the sea (4)
20 Love, in plea to former spouse returning, fell (7)
23 Mythical casus belli in the

23 Mythical casus belli in the lending library (5)
24 Pan, maybe, upset round gate (6, 3)
26 Little person, very little, every 60 seconds (3, 6)
27 See 8 down
28 See 7 across
29 See 8 down

DOWN

1 See 3 down
2 Smart, about 4, 1 at birth (8)
3, 1, 5, 7 Neared domain occupationally adapted for body initially identified with Catholic politician (5, 8, 7, 5)

7, 6)
4 Inscribed medicines (7)

5 See 3
6 Liberal leader to court Labour leader: there's the rub! (5, 4)

7 See 3
8. 27 across, 29 across Bar to special offers initially identified with clergy every 60 seconds? (6, 5, 11)

slack? (5)

10 Among pretty girls, what goes under Uxbridge, native source of sprouts? (9)

11 Mischief was backed by people at junction (9)

12 Sort of call: see most of same

13 Be positive about colouring bright viewer (5. 3)

bright viewer (5, 3)

19 Opening for canton to control fluid flow (7)

20 Even-tempered under doctors tor: (7)
21 Print workers having . . . (6)
22 . . . revs. with benefit (6)
25 Epitaph on cathedral town (5)

Solution to Puzzle No. 6,460



Adam & Company ... Affect Arab filk Ltd... Norwich Ges. Trust...... PK Firans, lad (UIQ._____ 101₂ Allied Irish Back... Co-constative Bank ±30 Henry Ambaster ANZ Basking Group Response G'rantee....... 107 Repail Bit of Southerni....... 10 Equat'r'i TstC'p pic Exeter Trust Lad Authority & Co Ltd. First Mai, Fig. Corp...... Bank Lennai (UK) . Bank Credit & Comm Bobert Flewier & Co.... United Migrati Bank...... 10 Unity Trest PLC......... 10 labort Fraser & Plas..... Bank of Cypres. Bank of India. Basque Belge Lid Barclays Bank...... HFC Trest & Savings..... 10 Reritable & Gen. Tst. 10 Bearingst Tot Ltd. Berliner Bank AG ... C. Hoare & Co. C1. Bank Nederland.

BASE LENDING RATES



The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark

£75,000,000 Guaranteed Floating Rate Notes due 1999, Series 99

Unconditionally guaranteed by The Kingdom of Denmark
Issue Price 100 per cent.
In accordance with the Terms and Conditions of the Notes,
notice is hereby given that for the Interest Period from
19 October 1967 to 19 January 1968 the Notes will carry a
Rate of Interest of 101/2% per annum. The amount of interest
payable on 19 January 1968 will be £1,319.67 per £50,000 Note.

COUNTY NATWEST Agent Bank

Notice is hereby given of suspension of dealing in the following funds until further notice:

G.T. Asia Fund

G.T. ASEAN Growth Fund

G.T. Australia Fund G.T. Global Technology Fund

G.T. Honshu Pathfinder Fund

G.T. South China Fund

G.T. Management (Asia) Limited.

October 20 1987

Į	Hicab	Low	Соптрану	Price	Change	Gross		P/E
1	206		Ass. Brit. Ind. Ordinary			7.3		123
ŀ	206	145	Ass. Brit. Ind. CULS	200	_	10.0	5.0	_
ı	41		Armitage & Rhodes	31	-2		13.5	4.3
J	142	67	BBB Design Group (USM)	70d	-20	2.1		11.2
ı	188	108		181	-6	2.7		30.9
1	186	95		184 s i	_	4.7		14.7
1	281	130	GCL Group Ordinary	275	-4	11.5	4.2	7.1
ı	147	99	CCL Group 11% Conv. Pref	143	-2	15.7	11.0	_
ſ	171		Carborundum Ordinary	170	_	5.4	3.1	14.8
ì	102	91,	Carborundum 7,5% Pref	102	_	10.7	10.5	_
ı	180	87		175=	-5	3.7	2.1	45
ı	143	119	lais Group	112	-3	_		_
ł	102	59	Jackson Group	102	_	3.4	33	113
1	780	500	Multihouse NV (AmstSE)	505	_	_	_	20.0
ı	700	35).	Record Ridgway Ordinary	700sus	_	1.4	_	14.1
ĺ	87	63	Record Ridgway 10% Pref	87sus	_	14.1	16.2	_
ı	91	65	Robert Jenkins	65	_	_	_	29
ı	124		Scruttons	124sus	_	_		_
ı	224	141	Torday & Carlisle	221	-3	6.6	3.0	10,7
ı	42	32	Trevian Holdings	42susse	_	8.0	1.8	3.9
	131	73		83ml	-7	28	3.4	15.3
	264	115	Walter Alexander (SE)	238:4	-17	5.9	2.5	17.6
1	201	190	W. S. Yestes	201	_	17.4	8.7	20.1
1	175		West Yorks, Ind. Hosp. (USM)	168	_	5.5	3.3	17.8

subject to the rules of FIMBRA,

Granville & Co. Limited 8 Lovat Lane, London EC3R 8BP Telephone 01-621 1212 Member of FIMBRA

Granville Davies Coleman Limited 27 Lovet Lane, London EC3R 8DT Telephone 01-621 1212 Member of the Stock Exchange

AUTHORISED **UNIT TRUSTS** Jupiter Unit Trast Mingrs. Ltd. 197 Kauptechnier. Louion SW7 188 Imper Cantal TV | 49.9 | 104.1 Jupiter Topony TSI . . . | 101.6 | 108.2 Key Franch Managers Lts (a)(g) 35 Fountin St, Manchener M2 Zaf Key English & Gen. 1942 64.5 Key Gather Franch 1952 64.5 Key Gather Franch 1952 77.4 Key Hoper Ing Fd. 155.7 1843 94.6 Key Hoper Ing Fd. 155.0 98.8nd 48 07 48 07 48 470 48 470 48 475 47 67 | German Units | 1845 | 1871 | 1872 | 1873 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | 1875 | Cont. Ed. of Fin. of Church of Enginett;
2 Fore Street, Louisin ECZY 5AQ (0.583 1815;
10 Fart Sep 50. 551.45 (3.57 Fai let Nes Sep 30. 193.85 (3.57 Fai let Nes Sep 3 21.6 244 -97.6 244 -1.00 -1.00 -1.10 -1 ASTIT THE TITE Y Laurentian Unit Tst Ningment Ltd
16 Backingsom Gate, Leadon SWI, DI-834 6625
Figure Trees 22 22 25 25 25 25 22 get Gree Oct 13...... 135.3 get inc Oct 13...... 54.4 一塘 78.4 78.4 78.6 78.6 78.6 78.6 78.6 78.6 Baillie Gifford & Co Ltd 01-374 6801 - 181 - 183 - 150 蝦 # A B Group (y)(C)(z)

These (gaps, Tower Hill, ECSR 660, Die)

Address: 6 Growth 177, A 187

Winter (gaps, Tower Hill, ECSR 660, Die)

Recenery 201, 9

Recene 15 **j. 16** Brothwist, Error.

Desilog 0277 251010

School 027 251010

School 04 25

School 05

Schoo 154 250 141 242 141 141 143 150 170 111 102 780 103 711 75 159 F & C Unit Management 1 Learner Positive HR, ECRI 01-425-4480 Britansis Cutt Treat Hampers List—one SSM Britansia Voll Treat Hampers List For East 1264 19.77
European 25.47
European 25.47
Hayflower Manugroment Co Lief
Ma. 1 London Review, London, Scr. 9041
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
London Review, 19. 29.13
Lo | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trust | Trus Po Geometric Hall School Control Feb. 18.8 Service Cris Feb. 18.8 St.7: 23 07 53 48 54 11 54 12

The second secon

4-

FT UNIT TRUST INFORMATION SERVICE

FT UNIT TRUST INFO	ORMATION SERVICE
Marray Foud Managers — Barkl. Provident Mahad Unit Treet Managers Ltd. Standard Life Treet Major Ltd Assemble Ltd Standard Life Treet Major Ltd Standard	Common Assurance List (r) Committee Way, Weinberg HAP ONE 201 Series Use Advanced For Transport Cont. English Way, Weinberg HAP ONE 202 26765 Respect Committee Cont. 203 Series Use Advanced Cont. English Way, Weinberg HAP ONE 204 Series Use Advanced Cont. English Way, Weinberg HAP ONE 205 477.4 English Way, Weinberg HAP ONE 206 Property Cont. 207 202 CO. English Way, Weinberg HAP ONE 207 202 CO. Eng
Company Comp	Macagid 4
Section (1982) 10.5 10.7 10.5 10.7 10.5	Depart 194.1 194.8 Depart 194.1 194.8 Depart 194.8 Depart 194.8 Depart 194.8 Depart 194.8 Depart 194.8 Depart 194.8 Depart
Control 1974	Control Cont
	Managel 2 1996 1265 - For Liberge Fry see "Management Services."
3 Darkets Laws, Potters Rate 1845 14.	Heritage Property 1015 1
Un Grown Special Ac. 1977 7230 1279 General Regions 3333 254 1079 General Regions 333 254 1079 1070 General Regions 333 255 1079 General Regions 333 255 1079 General Regions 333 255 1079 General Regions 44,11 46,11 4	Digital Digi
	Broker Republic Spring Karris Karri
Consideration Consideratio	Prince Tries Sept.
Michigan Fo. 2017 522 — Milliagen Fo. 2018 2018 401 401 4014 Dealing (0.401 4004 April 2018 527 Milliage (0.401 4014 April 2018 4014 April 2018 527 Milliage (0.401 4014 April 2018 4014 April	66 Citatriotic Sig. Earthurph E12 4400 (SS)-225 1655 Passion Performance — — — — — — — — — — — — — — — — — — —
197.5 197.	Product First
Mills Britannia Unit Tet Signs Lini (a)(c)(a) Ric Treet Managers Limited. Ric Treet Managers Limited Co. 12.45 11. Inches Wall, London EC24 S.D. 12. Inches Wall, London EC24 S.D. 13. Inches Wall, London EC24 S.D. 13. Inches Wall, London EC24 S.D. 13. Inches Wall, London EC24 S.D. 14. Inches Wall, London EC24 S.D. 15. Inc	Obvious Egetly 99.8 105.1 — 6. 6.5 Super Fd. 15.9 — 17.5.4 119.0 — 175.4
200 Res Select Inst	Server 1.50
Commission Com	Property France 175.4 142.4 44.6 Pear Secretary Page 175.2 150
Get 2015 2015 (2015 1201	Part Service Part St.
Material High Informs 1500 1671 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500 1501 1500	Constraint Mad Pt. 1942 1949 15 - Barrier Brants Do Account 1993 1993 - Food Install
Companily Starts	For other priors please belogiates 9900 6970000 For Enteriors 200.0 200.
Strengt Franch Exercise Franch 1 2.3 Exercise Entered: 0.1.1 65.0 0.77 b. Accord	Investment Funds 15.4 16.7 23.7 Investment 15.4 16.7 23.7 Investment 15.4 16.7 23.7 Investment 15.4 16.7 23.7 Investment 15.4 15.8 23.8 Investment 15.4 15.8 23.8 Investment 15.4 15.8 23.8 Investment 15.7 23.8 Investment 15.7 23.8 Investment 15.7 23.8 Investment 15.8 Inv
Communication Communicatio	North American 26.5 12.5 Equality & Law Pea. Let'l. Ref. 20.5 40.1 17.6 18.5 18.
None Rest	Arrivan looks 40,94 102.1 77 1990 February Febru
Streemens Income Founds 54.6 59.2 (cd 3.5) income Found Sept 30. 300.4 333.9 4.0 3.02 Tainges Treast Margers Like (a)(y) Prof. Pen. Fd 4.0 3.02 Tainges	CRI & Final interest 128.4 138.1 1.1 6 grap Find 1.1 7 grap Find 13.7 13.8 1.1 12.8 13.8 1.1 13.8 1.1 13.8 13.
Accord Units	Special Standards
Brit Armer Earls Inc	Share Fr. 231.9 201.3
Brit Arrow (Set Recov. 153.4 163.5 1	Sond C. Rf
Minister Fand Miningers Ltd Support-6 Males (0.150,8 92.8 44.9 0.15 Early Energy Car 14. 1974 14.4 1975 14.6 1975 14.3 14.8 11.0 Pen Pete Act. 1975 44.3 44.3 11.0 Pen Pete Act. 1975 44.3 44.3 11.0 Pen Miningers Ltd Pen Miningers	First Section First Firs
Genefitrary Markey Unit Mayes Ltd. Genefitrary Markey Unit Mayes Ltd. 15.5 and Theory to the London Wills 2017 100 100 100 100 100 100 100 100 100	Section Sect
163 Hope Street, Glasgow 62 2014 0945 0909 33 462m 4045 4607 457 578 67 150 68 68 68 68 68 68 68 6	Inter Listed 177.3 177.9
Control Cont	Call. (filet Assessment) 198-22 - Free, Inc. 7st. Int
Earl English (ed. 17	Planta Service 190.00 200.00 Planta Service 190.00 200.00
25 Western Br. Romford Rick 2 September 1, 20 Told	Expiri Cas
Enterprise House, Perspecials (1958/27/33 Committee 1973 1953) 1953 1954 1954 1954 1954 1954 1954 1954 1954	Managed Car
March Marc	Serry KT1, 29 A.
Comm Balto Comm Balto	Commercial Union Group
Construction 1984 254	Street 257.9 286 37.2 Point Lister 97.0 187.2 1.5 Housel Ser Act 201.6 27.3 London & Manchester Group
Account big Account big	Substitute Sub
Selection 1939 1936 182 182 Scienter Asset Management Ltd According 1939 1938 1939 1938 1939 1938 1939 1938 1939 1938 1939 1938 1939 1939	Car Deposit Fol. Car Deposit
Hazardar Truster Barris and St. Company Compan	Second Column Second Colum
Horam Gardin - 1945 - 19	Continue Til. 1951 1973 428 - Addit 1962 2077, bec Clark 1972 1973 - Earling Nam No. 3 - Earling Nam No. 3 - 1972 1972 1973 - 1972 1973 - 1972 1973 - 1972 1973 - 1972 1972 1973 - 1972 1972 1972 1972 1972 1972 1972 1972
Nerwich Unit Trest Managers 1905 1907 1908 1909	Project Act
Octavian Unit Trust Mars Ltd	Per lat Age 33.0 93.7 Property 644.4 697.7 22.1 Property 645.0 Pro
Companies Find Ment List Ment Ment List Ment Ment List Ment Me	Imperial Life Ass. Co of Castada Coli Bott (Life 192,0 184,9
19 St. Austrew St., Editology 031,225 2211 Secold 251,5 251,7 34,7 120 The Jacon Front Front 150,37 172,45 17	Employ March Mar
Partic Gramm 1973 1982-201 257.3 257	Property (ALE) 041 JA 3975 378.5 — Post Decision Act
PK English Trust Group Pic 01-20 9130 1214	Criterios Assurance Group Criterios Assurance Group
22 High Hellions, 9C1 V Jr. 10 House Service Cover 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Process Sept Acc
Vican linity	Therefore legal for Life 101.5 101.6 101.5 101.5 101.5 101.6 101.5 101.5 101.5 101.5 101.5 101.5 1
Perpetual Unit Trust Magant. (a) Perpetual Unit Trust Magant. (a)	Course Has, Waking GUZ1 IXW 94862 5933 18 Further Information 18 18 18 18 18 18 18 1
International Process 1920	Foreignest Acc.
Phillips & Dress Fool Mandagement List Phy Profit Act 277.4 277.5 277.7	Blood Act Person Pers
Do. Accord 10070 10050 29 Sentinel Femile Mingrand Lini Si Dispress, London, 9/22 630 01-05 8331 Instruction Carlo 1005 0231 1005 2015 1005 1005 1005 1005 1005 1005 1005	Part Part
Profet Cont Set 1977 1974 1974 1974 1974 1974 1974 1974	Property Acc. 134.1 145.3
Profit led	Percent Funds Series user Funds Series u
10 Underfore Read, London W12896 01.749 1111 Scale Horizon 122 123 123 123 123 123 123 123 123 123	Pear 1973 1973 1974 1975
Sentite Williamson Unit Trust Magrs AA Friendly Society Proof 1371 144 Express 16 Mr. 1981 1985 - 933 1 Riding House 9, Louise Williamson Williams Mings Mr. 6 inv Magr 126	A Water Name of the Court of th
UK Equity Mr	065 Shaked
then from the little to the first the formation of the first the f	Deliver Fig. 1982
15 5 & W American 177	A totaler Security 1977 1817

42

Target Life Assurance Co. Ltd. Target House, Gazetouse Road, Ayresto Augusty Maraged Skandin Gartmare Fa tor Fresh.

Froid Corrency

Do Press.

Do Press.

Do Press.

Do Press.

Do Press.

Do Press.

S & C Managed Fd ...

B & Charter Fresh

Fresh Fresh Fresh

Press.

orwich Union Life Insurance Soc.
PO Bor 4 Norwich NR1 3NG 0603 622200
Pensionwester 6 Bud-Listed Plant
Floor Interest June 2508
Inder-Listed See Fand 126 6 133 0 1000
Inder-Listed Feet 126 130 0 1000
Inder-Listed See Fand 126 1 130 0 1000
International Fant 176 3 155.0 1500
Property Fand 164 1 177.3 0 1000
Property Fand 184 1 177.3 177.5 1000
Newset Linet 06 15. 1 107.5 161.4 142.1 57.7 55.5 96.3 71.3 | 101-430 1661 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 1 Asstruction

Loropatin income

128,9

Loropatin income

198,3

Loropatin income

198,3

Loropatin income

198,3

Loropatin income

198,7

Loropatin income

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

198,9

1 For Tyndall Assurance/Press For Tyndall Assurance/Pearsion

UK Life Assurance Co Ltd
Worthing Rd, Morsham, M12 181.

Manager M., Morsham, M12 181.

Manager M., Morsham, M12 181.

Enology 170.0

Lief Language M., 170.0

Lief Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M., 170.0

Language M Lotro team?

Lotro team?

Lotro team?

Lotro team of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of crowth

Lot of Pioneer Mutual Insurance Co Ltd 16 Crosby Rd, N. Waterloo, Liv Managed Fond 330 | Man Pers Inc & Cap Fds. 441 | 347.5 464.4 115.2 123.7 135.9 177.0 194.6 91.6 100.7 105.2 115.6 115.6 OFFSHORE AND 99.7 125.1 136.4 147.2 125.2 119.3 130.5 150.9 150.9 150.9 Casson State Property
Sandows Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
Salance Soc. Fd.
S UK Growth
UK Growth
Wigntn-rice Recovery
Managed
Shamele Perpetral Fines
American Growth
European Growth
For East Growth Manager 130.3
Shandle Perpetual Finds
American (Fronth 111.0
For East Growth 111.4
November 112.4
retents 105.2 bill 10 01-930 521-99 0306887766 Property Equity & Life Ass. Co Baster Ave, Southerd SSZ 6QH Int Man Pervan Fa. 142.1 123.1 Int Man Cray 6d Fd. 115.4 123.1 Int Man Cray 6d Fd. 115.4 123.4 Int Man Cray 6d Fd. 115.4 Feedle Weer, 6d Fs. 2018 Special Man, Inc. Fd. 120.6 0702 333433

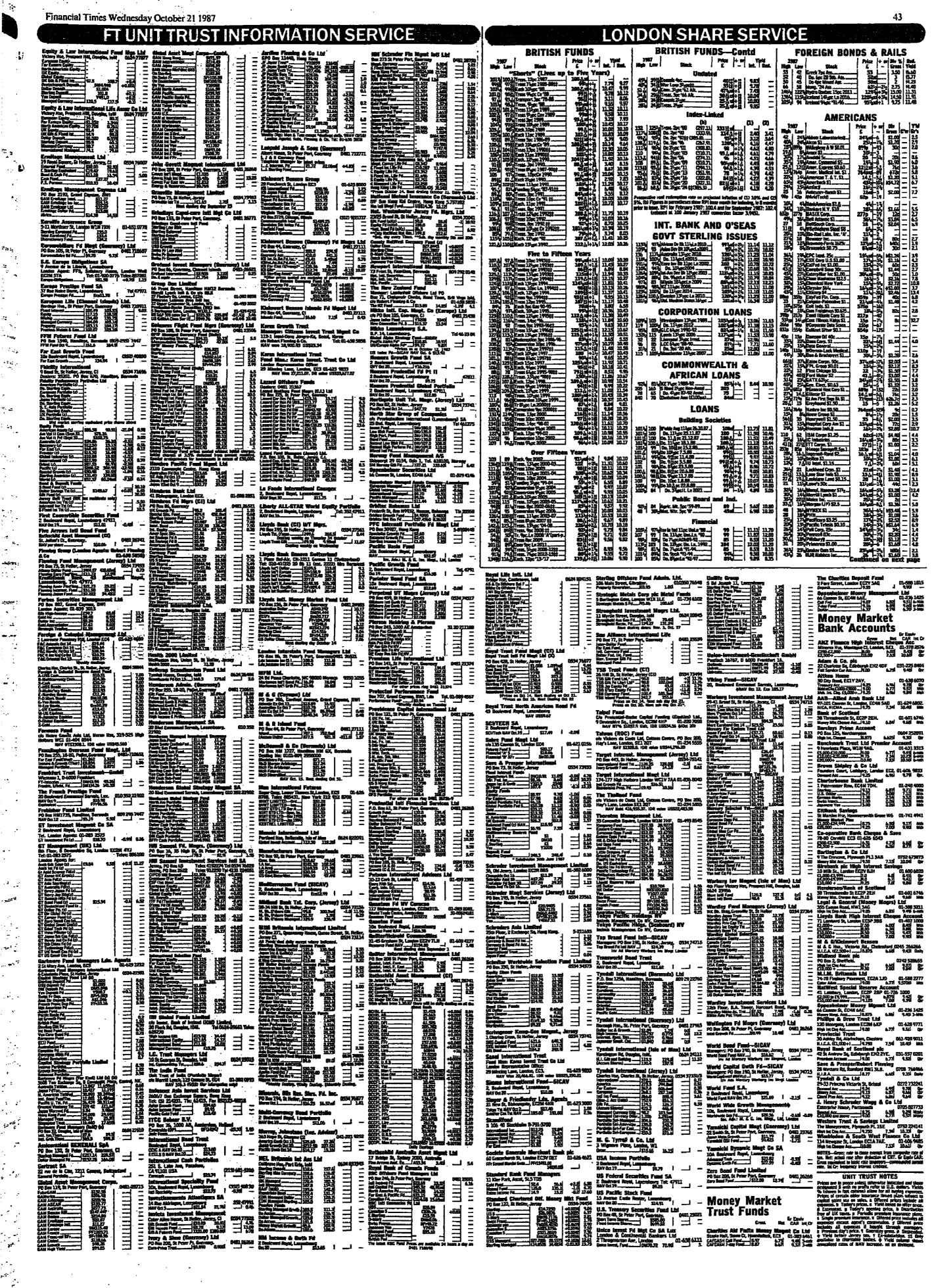
21/19

الات_{ات}ىر.

: .: <u>.</u> :- .:

: - 2 - 2

energy (and first and a second



INDUSTRIALS—Continued

INDUSTRIALS—Continued

16

œ

Hε

PU (1 19 Cl

н

FOOD CROCKING STORY AND ADDRESS OF THE STORY A

2 = 3 7 9

19 - - - -

8.

The UK stock market suffered another heavy loss yesterday, closing on a weakening note as rumours circulated in London of problems in the Wall Street market. The final downturn snuffed out a determined rally which had been prompted by authoritative assurances from the US and West Germany of commitment to support both se-curities markets and major cur-

The statements by Mr Alan Greenspan, chairman of the US Federal Reserve Board, and by Herr Gerhard Stoltenberg, West German Finance Minister, calmed nerves for a while. But share prices turned off again on widespread rumours of trading difficulties within the US mar-

ket specialist system.
The FT-SE 100 Index ended 250.7 down at 1801.6, a fail of 12.2 per cent on the day and of 21.7 per cent since the end of last week. The index has taken only two trading sessions to re-turn to levels last seen in mid-January. At 1439.2, the FT Ordinary Index lost 190 points.

Government bonds, firm from the opening in response to a re-bound in US Federal securities, extended their gains despite disappointment with the latest UK bank lending figures. Bonds were helped by cuts in prime rates by several major US banks, but the best prices were not held at the end of the day.

Both markets had another difficult session, with equities dominated by inter-marketmak-er dealings, and bond traders doing their best to keep out of the way, as one dealer admit-

The closing equity market indices reflected a partial recovery from the day's lows when the FT-SE 100 was down by 304.1 points at 1748.2. The market was in a "free fall" during the mornin a free tall during the morning, when London's dismay at the slaughter on Wall Street and in other world markets overnight saw the FT-SE 100 Futures contract down to 1390 at one time - a discount of 400

overnight saw the FT-SE 100 Futures contract down to 1390 at one time - a discount of 400 points on the underlying index.

Trading volume in some major stocks increased towards the close of the session. Earlier, both buyers and sellers were finding it difficult to deal. Until 11.00am, "fast market" rules applied, under which marketmakers are not bound to deal at their Seaq screen prices.

Some in shares changed hands in both with the the former closing 36 lower at 352p, this despite a good mid-afternoon rally, and the latter 60 down at 257p. The carnage in the Drinks sector, although only Allied-Lyons and Guinness traded in any volume. Some 6m shares changed hands in both with the the former closing 36 lower at 352p, this despite a good mid-afternoon rally, and the latter 60 down at 257p. The carnage in the Drinks sector, although only Allied-Lyons and Guinness traded in any volume. Some 6m shares changed hands in both with the the former closing 36 lower at 352p, this despite a good mid-afternoon rally, and the latter 60 down at 257p. The carnage in the Drinks sector, although only Allied-Lyons and Guinness traded in any volume. Some 6m shares changed hands in both with the the former closing 36 lower at 352p, this despite a good mid-afternoon rally, and the latter 60 down at 257p. The carnage in the Drinks sector, although only Allied-Lyons and Guinness traded in any volume. Some 6m shares changed hands in both with the the former closing 36 lower at 352p, this despite a good mid-afternoon rally, and the latter 60 down at 257p. The carnage in the Drinks sector, and Guinness traded in any volume. Some 6m shares changed hands in both with the the former closing 36 lower at 352p, this despite a good mid-afternoon rally, and the latter 60 down at 257p. The carnage in the Drinks sector, and Guinness traded in any volume. Some 6m shares changed in any volume. Some 6

ficult to trade. The pace of the market fall has taken many of market fall has taken many of them by surprise, and also caught some when their cash is tied up in the underwriting of the British Petroleum fixed of-fer deal.

Tanly, when their cash is est levels. By the close of business, the leaders showed falls in the region of 40p as in Blue Circle, 395p., and RMC, 461p.

Equities suffer another heavy fall but Government

Michael Howell, European equity strategist at Salomon Bros, said, "Stocks look very at-tractive at these levels. We still securities extend their gains don't see any general rise in in-terest rates".

	Oct.	Oct.	Oct.	04.	Ces.	Year	19	1987		mpilation	reacted smartly to close 1 cheaper at 793p while Reed I
	20	19	15	14	13	ago	fligh	Low	High	Low	ternational dipped 95 more 415p. Other possible bid can
overnment Secs	85.21	83.73	84.90	85.65	85.78	82.56	93.32 (85)	83.73 (19710)	127.4 (9/3/35)	49.18 (3/1/5)	dates to fall sharply include Christies International, do
ixed interest	91.11	91.05	91.50	91.67	92.27	68.94	99.12	90.23	105.4	50.53 (50.775)	115 at 538p, and Waterford.
rdinary 🕈	1439.2	1629.2	18129	1834.7	1847.A	1265.2	1,926.2	1,320.2	1,926.2	49.A (26/6/40)	lower at 93p. British Aerespa 28 off at 447p, failed to bene
iold Wilees	427.6	444.2	.563	438.2	447.6	290.5	(167) 497.5 (4/8)	(2/1) 288.2 (19/2)	734.7 15/2/83)	43.5 (26/10/71)	from the £10m order for cont. band dectector systems from .
rd. Div. Yield	4.21	3.70	332	3,28	3.25	4.40			CTIVITY		pan. The despondency was in
andres Yld.%(full)	10.33	9.07	8.15	8.06	8,00	10.11	H	dos	Qct_ 19	0ct. 15	rored throughout the Motor s
/E Ratio (net) (*)	11.84	13.49	1501	1517	15.28	1212		Bargains	129.5	121.5 258.6 3292.8	tions by losses ranging to three
EAQ Bargains (5 pm)	78,969	56,790	34,797	35,468	37,A93	ļ —	Equity Bary Equity Value	Print	361.0 5104.4	258.6 3292.8	figures amounts Caffy
quity Turnover (Em)	l –	2525.34	1629.09	1735.08	4133.29	531.51	5-Day Ave	1996 .	1	1	plunged 112 to 473p while Luc Industries sustained anoth
quity Bargales	-	<i>\$5,708</i>	39,910	43,062	44,576	38,732	GRt Edged	Bargifus	115.4 306.5	307.0	sharp setback, falling 95 to 60
Shares Tradesi (xxl)	-	708.4	5148	673.2	522.7	284.9	Equity Bar Equity Val		45641	4729.6	More favourable currency inf
▼ Opening	10 a.m.	111	a.m.	Noon	7 <u> </u>	l p.m.	2 p.n	[3 p.m.	4 p.m.	ences failed to comfort Jagu down 95 further at 410p. a
1480.1	1438.8	14	34.8	1389.7		440.9	1465	7 2	1569.2	1493.6	Kwik-Fit slipped 42 to 182p. A
Day's High 156	9.5 Da	w's Low	1389.5 B	sis 100 Ga	vt. Secs 15 i.67 > NH-	/10/26, Fb	eed lat. 1928,	Ordinary 1/	7/35, Gald M	ines 12/9/55,	flow Streamlines ended 53 low at 190n. Others to take a beati

retreated 38 more to 379p.
Life assurances endured another day of major losses. Abbey
Life dropped 56 to 223p, after
210p, Legal & General feil 32 to
280p, after 265p, and Prudential
slumped 153 to 825p.
Although generally well
above the day's lows the clearing banks suffered another severe mauling. NatWest, where Tarmae fell a further 31 to 248p and Redland dropped 25 to 457p. Among Construction issues, Tayler Weedrew lost 56 at 368p and AMEC shed 33 at 361p. Barratt Developments, still the subject of bid rumours, reacted to 183p at one stage prior to closing 29 lower at 193p. Steelley were 32 off at 311p and RPB Industries 19 down at 284p. Timber shares suffered with Meyer International losing 53 at 363p and Magnet 32 at 222p. Recent high-flyers such as Tay Homes and Polypipe gave considerable ground, the former falling 88 to 365p and the latter losing 58 to 325p. ing banks suffered another severe mailing. NatWest, where some 11m shares changed hands, dropped below 500p at one point before closing a net 135 down at 523p.

Merchant banks with securities operations took another heavy pasting with Morgan Grenfell down over 100p early on before rallying to close with a 75 decline at 388p after insurance broking group Willis Faber said its near 21 per cent stake in

Major international stock ICI to close 80 lower at 442p. Rellitraded within a wide range and, having dipped to around £12 at one stage, rallied stongly to £14½ prior to falling back again to close 1½ lower on balance at £12½. Laporte closed 19 down at 520p. Solvay Group has increased its bolding to 23.03 per counter, weakened 21 to 135p, while high-fliers to react sharpered to the following to 23.03 per while high-fliers to react sharpered to the following to 23.03 per while high-fliers to react sharpered to the following to 23.03 per while high-fliers to react sharpered to the following to 23.03 per while high-fliers to react sharpered to close 80 lower at 442p. Rellitrated to close 80 lower at 442p. interim results.

topped 33m shares and the share price gyrated widely before closing a net 20 lower at 223p. GEC, 25m shares traded, fell a like amount to 187p.

The £3m contract to supply advanced colour monitors for UK and French AWACs failed to stem selling pressure in Racal which ended the session 38 cheaper at 258p. Cambridge Instruments lost 12 to 93p after the proposed acquisition for £9m of a unit of LKB of Sweden.

Engineers suffered another round of substantial losses. Hawker, awaiting today's half-

round of substantial losses. Hawker, awaiting today's half-yearly figures, weakened afresh to close 80 lower at 442n. Relis-Reyce, privatised earlier this year, fell away in a heavy volume of trade to finish 32½ off at 15000 to the commendation of the second of the se

interim results.

The leading retailers mirrored the overall market trend.

Harks and Spencer settled 18 off at 213p, with 16m shares changing hands. Harris Queensway, tied 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of the 20 lower at 315p, a relative jumple of 50 more to 330p in a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is reased its holding in RHM to 20 lower at 315p, a relative jumple of 50 more to 330p in a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is reased its holding in RHM to 20 lower at 315p, a relative jumple of 50 more to 330p in a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is reased its holding in RHM to 20 lower at 315p, a relative jumple of 50 more to 330p in a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is reased its holding in RHM to 20 lower at 315p, a relative jumple of 50 more to 330p in a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in which is a relatively low business volume. Reuters tumbled 125½ further to 505p. Pearson, in w down at 505p.
Foods had another traumatic session. Tate and Lyle closed 72

stances. RHM is willing to dis-

tained another hefty setback at the opening in the face of the overnight rout on Wall Street. However, prices bounced back following the a good early re-covery in the US before drifting off again to close with fresh losses extending to 50 and sometimes more. Hansen Trust were again one of the most actively traded stocks (some 33m shares changed hands) and closed 28½ down at 116p. Although II above the day's lowest, Glazo 5till finished with a fresh loss of 1½ at \$1054. Brane cave.

MOTORS (2), MOTORS (2), PROPERTY (3), SHIPPING (3), TOBACCOS (1), TRUSTS (36), OILS (12), PLANTATIONS (5), MINES (72), PLANTATIONS (5), MINES (73) LDANS (1), AMERICANS CANADIANS (12), BANKS BREWERS (2), CHEMICALS STORES (6), ELECTRICALS

laneous Financials ended sharply lower. British & Commenwealth fell 72 to 378p, GT Last dealings Oct 16 Last declarations Jan 7 Management lost 60 to 245p and For Settlement Jan 18 Por rate indications see and of London Sharp Service

BP retreated another 31 to 286p as the Chancellor of the Exchequer stated that the biggest of the privatisation issues is to go ahead despite the slump in markets worldwide; turnover in BP topped Som shares. British Cos many also an extended

at 578p. Pelly Peck suffered a similar fate at 303p, down 56.

Traditional Options

London Share Service Stocks to attract money for the call included Barratt Developest, of the privatisation issues ments, Hansen Trust, Dec Corporation, is to go ahead despite the slump in markets worldwide; turnover in EP topped 39m shares. British Gas were also an extremely active market and settled 8 off at 140p after 56m shares had moved through the system.

Overseas Traders were Estates, Abace, Amstrad, 600 dragged down and Incheape set the days of the system.

Overseas Traders were Estates, Abace, Amstrad, 600 dragged down and Incheape set the days of the system.

Blue Arrow, TSB and Learne.

TRADING VOLUME IN MAJOR STOCKS

down 95 further at 410p, and Kwik-Fit slipped 42 to 182p. Air-flow Streamlines ended 53 lower at 190p. Others to take a beating included D.C.Cook, 35 easier at 215p, Les Service, 44 cheaper at 426p, and Leekers which fell 75 to 305p.
Three-digit falls were com-Three-digit falls were commonplace among Communication and Agency shares. Shandwick collapsed 115 to 635p while similar losses were sustained by WPP, 690p, and KLP, 355p. There was no relief for Jeffersen Smurfit, down 140 at 435p, or Eucalyptus Pulp, which tumbled 125 more to 675p. Aspen Communications fell 115 to 425p and Cariton lost 83 to 705p. The joint agreement with IPEC for the expansion of Comline News Serpansion of Comline News Service, a spin-off of the Interna-tional information services division of Japan's ODS Corpodivision of Japan's ODS Corpo-ration, gave little support to BPCC, shortly to change its name to Maxwell Communica-tion Corporation, which ended 46 down at 247p. Newspapers al-so fared badly, Independent los-ing 270 to 425p and Trinty 115 to 860p. Associated gave up 49 fur-ther at 530p while United lost 49 to 492p. to 492p.

Bat Industries wilted afresh to close 65 down at 508p and Rothmans fell 59 to 405p. Smith New Court, the inde-pendent marketmaker, weakened anew with the shares at one point touching 160p - some

rises and falls yesterday

LONDON RECENT ISSUES

FT-ACTUARIES INDICES

said its near 21 per cent stake in the bank was up for sale at the right price. SG Warburg, despite having one of the most success-ful of the securities trading operations in the City, dropped 70 to 418p.Kleinwort Grievesen lost a similar amount to 410p. The list of giveshie losses

The list of sizeable losses stretched from leading to sec-ondary issues in the Drinks sec-

But the market's reaction to Wall Street's inability to hold

early gains indicated the under-lying nervousness in London's

securities markets. A report that the damage wrought by the hurricane at the end of last week and the floods over the weekend may well wipe out the

trading profits made by Sun Al-liance over the first nine months of the year saw the lat-ter's shares slump to 808p be-fore steadying to close a net 78

off at 870p - a two-day fall of 235p. Royal Insurance, also said

ZiSp. Royal Insurance, also said to have had its profits severely dented by the disasters, plummeted 60 to 433p - a decline of over 100p in two days. General Accident gave up 90 to 863p, Guardian Royal lost 68 to 865p and Commercial Union - where turnover exceeded 7m shares -

retreated 38 more to 379p.

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS		Tuesd	ay Octo	ber 20	1987		Mon Oct 19	Fri Oct 16	Thu Oct 15	Year age (approx)
F	igures in parentheses show number of stocks per section	index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	nd adj. 1987 to date	index No.	lodez No.	fadex No.	index No.
1	CAPITAL GOODS (214)	815.65	-10.7	8.58	3.46	14.62	18.17	913.75		1004.20	851.51
2	Building Materials (30)	1038.08	-8.7 -10.5	8.95 8.13	3.54 3.28	13.93 16.43	22.79 29.46	1136.82		1234.68 1867.74	779.93 1895.04
3	Contracting, Construction (33)	1533.59 2066.46	-10.5	8.43	420	15.09	54.41	2330.15		253911	1744.74
5	Electronics (34)	1740.56	-9.8	9.29	2.90	14.04	34.90	1930.21		2153.94	13%.63
6	Mechanical Engineering (60)	438.33	-11.3	8.34	3.66	15.07	10.90	494,23		542.37	361.52
a	Metals and Metal Forming (7)	466.53	-13.2	8.55	3,48	14.21	9.11	537.34		588.39	326.48
ğ	Motors (14)	314.63	-13.7	9.25	357	12.65	5.86	364.64		406.04	254.96
1ó	Other Industrial Materials (22)	1377.83	-120	757	3.76	15.72	36.48	1566.12	1716.72	1716.72	1296.97
21	CONSUMER GROUP (183)	1963.15	-11.7	7.76	3.31	16.38	18.23	3203.92		1334.43	935.22
22	Brewers and Distillers (22)	989.34	-11.2	10.18	3.73	12.41	17.52	2334.65		1208.38	914.48
25	Food Manufacturing (23)	841.24	-9.3	8.76	3.70	14.74	16.66	927.56		182 L 37	696.58
26	Food Retailing (16)	2026.34	-10.1	7.27	291	18.33	39.17	2255.15		268.63	
27	Health and Household Products (10)	1714.22	-144	6.55	2.59	17.64	16.41	2002.82			
29	Leisure (30)	1190.12	-10.4	6.73	3.80	18.54	28.12	1328.36		1479.29	896.49
31	Packaging & Paper (16)	597.06	-7.8	6.92	2.98	19.03	10.96	647.66		711.63	464.28
32	Publishing & Printing (25)	3695.34		5.47	3.83	23.44	67.36	4287.6		4999.95 1131.16	24533 658.25
34	Stores (35)	905.61	-13.0 -10.4	7.88	3.24 3.18	17.37 13.38	15.23 12.45	1049.70 830.45		89176	523.63
35 40	Textiles (16)	726.28 915.23		8.69 9.51	3.88	13.10	28.69	1695.32		1158.37	762.1S
41 41	Agencies (17)	1186.70		5.28	1.91	24.86	15.86	1415.05		1630.37	وي ا
42	Chemicals (21)	1201.56		8.20	3.63	14.90	32.85	1347.77			97.71
43	Conglomerates (13)	1130.99	-15.0	9.09	434	12.59	22.14	1330.16			- 24
45	Shipping and Transport (11)	1958.20	-10.4	8.69	4.22	15.11	5L44	2175.96	2356.81	2356.81	1509.47
47	Telephone Networks (2)	907.30	-8.9	11.18	4.6	11.94	18.98	996.23	1087.35	1087.35	731.71
48	Miscellaneous (22)	133L41	-114	11.37	3.55	10.49	32.57	1503.33	7711.67	1711.67	2068.33
49	INDUSTRIAL GROUP (483)	973.12	-11.4	8.46	3.50	14.89	19.44	1098.49	1217.95	1217.95	834.94
51	Oil & Gas (17)	1778.41	-83	9.64	5.51	12.80	65.73	1939.3		2756.50	1385.35
59	500 SHARE INDEX (500)-	1041.54		8.63	3.79	14.55	23.43		-		862.91
	FINANCIAL GROUP (120)	689.64		9.03	4.46		19.58	781.13	1	874.18	592.57
61 62	Banks (8)	867.04 862.27	-129	2415	5.88	6.56	25.98	760.6		259.26	150.66
65	Insurance (Life) (9)	959.44		عبم ا	4.64		31.49				,
66	Insurance (Composite) (7)	535.96	-9.4	1 I	514	1 🗆	15.97	591.70		690.77	
67	Insurance (Brokers) (8)	998.77	-93	11.12	5.73	11.51					
68 68	Merchani Banks (12)	435.33	-113	ı	3.04		869	490.6		533.76	
69	Property (48)	1068.57	-10.6	4.52	2.79	28.62	15.03	1195.8	1309.76	1309.76	769.39
7 0	Other Financial (28)	469.51	-131	7.59	3.41	16.77		539.9			366
77	Investment Trusts (88)	9771.98	-12.2	1 -1	2.53	_	14.44	1106.7			206.25
81	Miping Finance (2)	512.24	-15.6	8,37	3.41	12.69		606.5			330.82
91	Overseas Traders (10)	1058.25	-12.7	8.83	4.62	13.41	29.58	1211.61	1339.62	1339.62	714,14
99	ALL-SHARE INDEX (720)	951.95	-112		3.85	_	22.01	1072.4	1189.92	1189.92	789,42
ئن		Index	Dav's	Day's	Day's	Oct	Oct	Oct	Det .	Oct	Year
	[Mo.	Change	High	Low	19	16	15	14	1 13	320
_	FT-SE 100 SHARE INDEX &	2801.6							2322.9		
	1 L1-35 TAN SUNYE WASY & ********	- 101110	. – ص	. 19971	41704	. 202	البدل				
	FIYER INTED			1		AGE GR	ess Ylelds		Tue Oct.	Mon Oct	Year acc

	FIX	ŒD I	NTE	REST	•		REDEMPTION YIELDS Oct Oct Oct 20 19	(abblox) ago Lear
_	PRICE INDICES	Tue Oct 20	Day's change	Mon Oct 19	xt adj. today	nd adj. 1987 to date	British Government 1 Low 5 years 9.68 9.92 2 Coupers 15 years 10.03 10.27 3 25 years 9.79 10.04	9.77 10.38 10.39
2	British Sovernment 5 years 5-15 years Over 15 years (rredeemables	120.32 132.71 139.64 156.07	+0.69 +1.62 +2.11 +2.76	119.50 130.59 136.76 151.88	- - -	9.45 12.01 12.02 8.81	7 High 5 years 10.43 10.72 8 Coopers 15 years 10.43 10.67 10.63 10.67	11.16 18.76 10.41 11.28 10.97 10.53 10.13
_	All stocks	119.49 104.61	+0.78	118.57 103.24		2.18 2.89	11 inflation rate 5% 5ys. 3.78 4.63 12 inflation rate 5% 0xer 5 yrs. 4.54 4.63 13 inflation rate 5% 0xer 5 yrs.	4.41 3.81 2.96 3.64
_	Preference	105.70 113.47 82.58		104.37 114.16 82.10	. 	8.07 4.95	15 Dess 4 5 pers 11.86 11.47 16 Luces 15 pers 11.67 11.43 11.43 11.43 11.43 11.43 11.43 11.43 11.10	11.28 11.64 11.64 11.56

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new fist of constituents is available from the Publishers, The Financial Times, Bracken House, Cammo Street, London EC4P 48Y, price 15p, by post 32p. preveted reduces for 19/10/67: Oil & Gas 1939-32,500 Share Index 1170.03 and AH Share Index 1072.40.

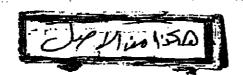
ping index 1866.3; 10 am 1809.8; 11 am 1810.5; Noon 1748.2; 1 pm 1815.1; 2 pm 1845.9; 3 pm 1984.9; 3.30 pm 1934.8; 4 pm 1891.4

17 52 - 15 27 10 34 - 25 40 4 - 37 -8 53 90 2 20 50 900 950 1100 85 240 — 1150 40 170 — 1200 10 140 — 45 25 60 40 28 13 50 35 22 35 25 13 32 20 13 30 19 9 20 35 18 8 3 Syand lifes (*480) 115 85 70 90 = 27 45 60 70 15 35 110 120 4 17 160 170 220 240 260 26 32 11 22 7 16 6 | 16 16 | 26 34 | 36 9 5 4 **張** 34 8 17 12 4 10 17 12 = 25 50 65 25 40 55 30 40 47 60 70 15 25 95 105 115 55 37 25 70 50 35 35 70 105 _ 15 = 20 Brit. Teleo (*237) 220 240 35

									1	_
Pless (*18	8	180 200 220	25 30 3	33 25 8	. 23 14	1 2	10 22 29	20 35 45	25 40 50	E
Predes (*85)	idal BO	950 2000 2050	15 10 5	40 32 15	65 30	- 12	9	110 160 200	120 170 - 205	
P. & (*56)	<u>a</u>	536 586 600	30	Ē	Ē	7 7	95	=		-
Rac (*25		260 280	27	15	1_	- <u> </u>		25		
R.T.	Z	300 1000 1050] 8	30 18 190 160	第	77 3	<u>2</u>	95 95 95 95 95 95 95 95 95 95 95 95 95 9	#	\$1 \$2 7
(*101 Vani R		1100	100 80 60	138	1=	12		160 160	=	
(*\$12	M)	130 140	4	13	19		20 C	23	26 25	
Tr. 1149 (*16	49 1	1446	1 0 0 0	000			04 06 24 44	02 13 24 42	= .	
Tr. 12% (*10	1995 7)	106 108	=	ĪΞ	2		= 1	=	1胜 2程	\$
Tr.114% (*11	03-07 1)	139 134 136	2 1 0	2 2	1 3		13	26 36 44 54	34 4 54 64	23.425.43 23.435.43
	Option		Dec			* '	eE.	Kar	Jane	1
Amst (*13	77) 	140 160 180	16 10 4	24 18 19	32 34 35 38	1	3 10 16	17 35 90	20 38 52	40
Bard (*48	\$15 \$1)	460 500 550	13 13 13	95 35	55	_ }	5 5	28.EE	158	<u> </u> _
Seech (*42	9)	450 460 530	45 25 17	60 35 28	75 50 37	-1^{22}		50 85 120	55 90 125	FI
Boo (*26	A)	260 280 300	22 12 6	30 20 14	38 28 20	. 2) 28 12	24 34 50	\$2 40 56	Pr
BT (*32	ננ	300 330 360	_	45 22 14	30 22	1	200	22 35 70	6 75	1
Bies C	34	400 420 425	45 30	2	70	1	10 15	45	50 -	H
De Be (*\$13	175)	1200 1300 1400	290 190 90	E	Ē	1	5	111	=	ā
Ohea (*33	e)	330 360 370	30 16	44 28 20	43 30	18	5 7	24 36 56	58. 56	
(*15	M) 47)	1200 1250 1300 1350	120 90 70 50 50 50	120 100 85 70	3 95	119	20 00	130 260 200 230	160 190 220 250	"R
Нес	No.	1400		70 55		- 12	7	270	250 280 22	<u>د</u> ا
613	m	140 160 180 200	3	, <u>n</u>			19 16 15	34 48 68	37 49 70	-
(*25	53	280 300 330	20 13	40 30 17	40 Z7	:	27 33	200	50 73	2
Midian (*43	0	420 448 460	20	50 35	40	<u>: [</u>	5	48	35 55_	2277249197
Sea (*14	0)	140 160 180	9 4 1	15 8 3	10	1	922	12 24 42	77 42	37
Tes (°17	5	15191520	10 4	냺	20	1 2		24 57	77	1 2
Trephos (*23		220 240 240	20 14 8	Ē	40	7	4	35	90 67	- 7
Thorn (%)	EM) 30	600 650 700		53 34	85	1	5	90 115	110 140	1 4 2
Unite (*50	8)	460 500 550	\$	75 55 29				45 70 85	65 80 95	1 2 1
Wella (*33	9) 9)	360 390 420	25 20 9	45 33 18	60 40 90 20	8	9 5	45 170	70 100 120	Ru em pr
Optic		460 0et	Hov.	Dec.	20 Jan.	li.	Nov.	145	155	tase:
FT-SE	1001		200			200	200	950	350	esra esra base
(1925) (1925)	2050 2100	188 8 8 18 18 18 18 18 18 18 18 18 18 18	200 150	170	3	300 350	300 400	350 400	480	DAGA TAGA
<u>. </u>	2000 2050 2100 2150 2250 2250	20	200 200 150 130 50 25	250 200 170 100 85 50 30	200 150 100 80 50 40 90	250 350 350 450 450	250 300 400 375 500 550	350 400 450 500 550	950 380 480 450 500 500 500	17 (S)
1	October 2	O. Total		acts No Calls N	A Cal	NA.	Pass	N/A.		Mari Warr
		4	adertyl	NE 26CE	rity pri	C	-			ا ــــ

QUITIES Anoste Lates 1987
Paid Rener 1987

Date High Law 5 + or Rel. Times Gross P.E.
- Dis. Corvi Yield Ratio
-5 13.8 22 3.8 14.1
-11 R025c 4.6 2.2 9.9
-15 12.2 1.9 1.8 14.5 F.P. 2011 170 131 Alta 10p. 138 F.P. — 96 64 Adams Plastice, \$0.01 70 F.P. 601 240 200 Angle Leading 10p 200 F.P. 23-10 27 21 Attack Assets Wrist 22 | 160 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 rery spanish to the wrist independent for White is A bett. 59 — Lingui Thompson 5p — Attack Thompson 5p — Attack Thompson 5p — Attack Thompson 5p — Moorgate Ine, Warr. Mew Gaerway Separaties, 4Parkeys 5p. — Portagal Fand 5p. (1) — Secarsia Holdings — Secarsia Holdings — Secarity Archives 20p. Starfathury 21 — Attack Thompson 5p — Attack Thomps **IXED INTEREST STOCKS** Latest Reserve Duke 1030 25-2000 890 93 940 1072 1250 1014 991 102 1000 RIGHTS" OFFERS 155pm 4pm 4pm 4pm 4pm 4pm 5pm 15pm 15pm 245pm 245pm 10pm 305pm 11pm 17pm 20pm 17pm 17pm 10pm 10pm 10pm 10pm 10pm process or other official estigates for 1986/7. H Divident and Yield based of estimates for 1987. L Estimates immunisted divident, cover and pie taped of estimates for 1987. L Estimates immunisted divident, cover process or other official estimates. W Pro Forma Figures 1 indicated divident, cover pecuas or other official estimates. W Pro Forma Figures 1 indicated dividents is not, pie ratio based on latest annual earnings. I Furecast, or estimated and seed on previous year's earnings. I based by tender. If Officed hothers of ord Introduction. ** Issued by way of capitalisation. I Placing price. If Reintroduction. W Institute or one of the process of the proc



20

15 = 30 - 25 30

38 25

30 --18 35 5 20

15 18

20 — 40 — 48 —

WORLD STOCK MARKETS

	.CEBUANY	Anous :											
AUSTRIA October 28 Sch % + 6r Credizacja	GERMANY October 28 Price + tr Res. 285 + 16	SPAIN Outside 19 Price + or Pai. NAME 740.00 +5	AUSTRALIA (Continua Octaber 20 Price News 13.00	+ or Detaker 28 Price + ar		CANADA							
Creditablish	ALES ALES ALES ALES ALES ALES ALES ALES	Banco Bibase	Noranda Pacific	Nispon Sello	Sal	the Stack High Law Class Chang TORONTO	SOO Createrin 55 5	Law Classe Chang	Sales Stock High La	or Chase Ching	Sales Stack 2300 Scotts C	ifigh Low \$101 ₄ 93 ₄	53 ₄
	Biff-Bank 420 -13 Biffw 574 47 Brown Boueri 574 -57 Brown Boueri 571 -5 Commerchant 259.5 +7.5 Cont'l Germal 2562 -24 Onionier-Benz BR9 -28	Banco de Vizzay 1830.00 -10 Banco de Vizzay 1830.00 -15 Banco de Vizzay 1830.00 -20 Drugadas 665.00 -35 Hidrola 94.20 +2.5	Planer Corc	0.31 Quota Cement		Prices at 2.30pm October 20	25765 Con Bath A 516½ 16560 Cleate B f 55½ 5760 Cons Gas \$23½ 11700 Con Gless \$23 1800 CTL Bank \$05 13650 Conwest B \$12½ 2100 Corby \$18	1434 1512 ·214 190 490 221 1218 2234 ·58 12 22 1	14841 Lobiaw Co \$17 9 10550 Lumones \$65 57 1300 MIGC \$10 10	101 ₂ -3 ₄	197270 Soagram 110450 Sears Can 700 Seikirk A 33031 Sheil Can 47705 Sherriti	1 \$31 29	6 - 29 -
BELGIUM/LUXEMBOURG	Datonier-Benz	Drugades	Santos 4.90 Santo (H.) 4.00 Thes Natural 9,00 Tooth 9,00 Vanges 3,00 Western Mining 5,50	1.4 Orient Finance 1.210 -290	700 3166 1210 2617	145 AACA Int. 553, 9 9 - 3,	13650 Convest B \$12'\; 2100 Corby \$18 1 10850 Costain Ltd \$9 8	115 115 13 ₈ 17 17 85 815 14 80 80 11	118150 Macmilan 523 19 118337 Magna A I \$141 ₂ 12	124 1	47705 Sherriti 1000 Sigma 95875 Southm 54478 Spar Aero 4750 Siento A 254109 Sielco A	5181 ₂ 151 ₂ 5121 5131 1 c	16 -
Bango Geo. Dr. L. 14,500 120 14,500 14,500 14,500 14,500 14,500 14,500 14,500 14,500 14,500 15,500 1		SWEDEN	Western Missing 5.50 Western Missing 6.60 Woodside Petrol 1.20 Woodwartis 2.40 Woodwartis 2.40	Rich 1,090 200 2349 1,390 300	5104 1840 5125 1177	170 Albrin N \$123, 124, 121, -4, 123, -4, 124, 124, 124, 124, 124, 124, 124, 12	3575 Crownx \$124 48510 Crownx A \$534 45300 Czar Res 185 22550 Denison A p \$6 38M0 Denison B I \$678		1980 Maritime 7 513 12 12 12 12 12 12 12 12 12 12 12 12 12	125g 1 13'2 48 3 9 300 50 0 400 40 12 13'2 1 12 13'2 1 0 380 20 3 11 15'4 7 23 2'4	25-4109 Stelco A 112824 Tack 8 1 1000 Tele Met 56804 Terra Mn 77316 Texaso Co 202855 Thom N A 591838 Ter Dm B 2109 Ter Sun	537 25°2 522 22°2	30 22 140
Coltyl 7,550 2 Delhatar 3,950 -190 Delhatar 4,170 -55 Febrique Hat 944 -306 GB Isso BM 1,096 GB Isso BM 1,096 GB Isso BM 1,096	Horsch Werte 118 - 16 Horsch Werte 177 - 16 Horsch 177 - 16 Horsch 177 - 177 Horsch 177 - 177 Horsch 177 - 177 Horsch 177 - 17	Octuber 28 Price + 4P Price + 4P ASA (Free) 17500 - 15 ASEA & Green 35000 - 25 ASEA & Green 19000 - 38 Asign Diggo 18500 - 1	-	Shiming Cond 11000	1186	7779 Assumers 20% 834 832 134 833 8340 1 1 387 914 95 7 7 8 7 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9	22300 Denison B \$676 \$8500 Denison B \$676 \$100 Devoton \$60 20100 Diciesta A \$12 21642 Dickesta B \$1512 70640 Dotasco \$2412 166033 Dome Pete 99 12567 D Textie \$17	340 340 20 9 91, 33, 15 15 1 23 231, 11, 90 90 5	2000 Molfat \$132, 13 39565 Molson A \$20 18 9100 Motson B \$241, 23 8400 Moneco A 1 400 58 27669 M Trusco \$111, 10 141021 Moore \$2514, 19 213329 Nat Bk Can \$101, B	7 235 1 0 380 20 5 11 15 2 23 24 105 1		an \$29°; 20 A \$24 300 Sk \$27° ₆ 23° ₄ \$16 140; 1° \$26 20° ₂	25 2314 24 16 211 ₂
General 3,900 +140 General 5,000 -220 General 7,300 +290 Historius 1,330 -70	KHD 1685 +0.5 Risector Werte 1255 -6.5 Links 682 -23 Linkses -154 -6 MAN 176 -12	Assa B (Free)	HUCS !	Suritore Bank 3,170 500 Serritore Cere 782 100 Suritore Cere 782 100 Suritore Dec 1,520 -300 Suritore Metal 269 45	3683 6654	7/79 Assumera 5976 891 831 159 1348 Atco 1 510 991 99 99 99 99 10 14 1510 991 99 99 99 10 14 1510 991 99 99 99 10 14 1510 991 99 10 14 1510 991 991 991 991 991 991 991 991 991 9	12567 D Textile \$17 140181 Domist \$2015 1200 Donotus \$34 2700 Du Pont A \$26	54 55 59 150 160 10 151 552 54 1 152 552 54 20 15 91 340 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 15 15 15 1 17 15 11	22250 Nt Vg free \$1812 18 11400 NF CapA \$8 67 12000 NRd LP A \$181, 16	7 ₄ 17 ·15 ₆	194589 Troon PL 9711D Trion A	\$13 12½ IA \$26% 25 \$154 14 \$164 15 390 300	121) - 251, 1 141, - 151, -
8 8.1 2.300 1.50	Transmistration Transmistr	Essette	Bank East Asia	Surptions Sank 3,170 500	2000 2000 8832 9820 1800 2168	467 Bow Valy \$154 137 138 -318 100 Brainne \$191 19 19 19 19 19 19 19 19 19 19 19 19	140181 Domitar	50 50 · 13 24 24 · 8 131 ₂ 131 ₂ · 1 ₈ 7 8 • 21 ₉	11400 NFI CapA F S8 57 12000 NRI CapA F S8 57 12000 NRI CLP A 51814 16 113383 Noranda 5265 23 23 50003 Norteon 2015 1874 18 74841 Nor Tel 5245 18 22800 Northgat 12875 Novasco W 5144 13 4533 Na Weal 35 124 13 13890 Numac 51014 9 2300 Oakwood 285 20 0844 Oakwod A F 200 20 11400 Ceolel B f 400 400	14 1904 114 54 1714 78 54 1676 179 54 1812 212 6 278 12 1334 114	23120 Trimac 27000 Trinity Re 13284 Trizec A 1 3060 Trizec B 76759 Uster P 6507 Un Carbid 18072 U Entone 8850 U Censo 1759 Un Carp 400 Jestgron 48850 Vulcan Ind 19350 Wasser 19350 Wester 19350 Wester 19350 Wester 19350 Wester 19350 Wester 19350 Tribut 19350 Wester	99 71 58 1 \$26 24 \$28 27 225 150	. 143
Repair Bates 1,706 100 Set Ges Betigs 1,250 +250 Set Set Set 11,250 +75 Sehre 11,650 +1,000 Standards led 500 +700 UCS 8,900 +390	Pressing 175 -145 Ritals West Elect 213 -3 Reserved 595 Secure 575 -15 These 1228 -13	Plannach	Chess Light 28.10 Chess Light 28.10 Everyo 1.26 Hang Lung 6.60 Hang Seng Bank 41.75 Hendesses Lund 7.00 Hendesses Lund 18.30 HK Elnerie 91.5 HK Lund 1.00	Talyo Kaite Bank 11,250 - 770 Taleria 2,800 - 500 Tib Tollow 4,410 - 500 Tollow 17,78 - 100 Tollow 18,70 - 1,500	1 3312	200 Brkweier \$57, 170 51, 175 21, 21, 22, 23, 24, 24, 25, 26, 26, 26, 26, 26, 26, 26, 26, 26, 26	184554 Fictorop 321 g 57352 Fed Ind A 511 g 5700 Fed Pion 893 g 42200 FCity Fin \$15 g 1200 Ford Cride \$145	1012, 1134, 14	746441 Nor Tei \$24% 18 28800 Northgas \$7½ 57 12875 Nowsco W \$144, 13 48535 No Weel 35 35 32 31890 Numac \$10% 9 8300 Deliveod 4 # 200 20 8434 Delived 4 # 200 20 8434 Delived 4 # 200 20 11400 Ceelof B f 400 40 3500 Omega Hyd \$5 43 30655 Oulbewa A # \$18%, 17 95399 PacM Airl \$27% 12 803200 Develo A I \$18%, 17 95399 PacM Airl \$27% 12	12 1334 114 32 3 32 3 139 139 0 200 140 0 400 50 0 400 50 0 400 270 1 154 134 1512 272	18072 U Entprise 8380 U Canso 1759 Un Corp 400 Vestgron 46850 Vuican Inc	8 593, 95, 85 80 \$41 58 325 325	934 934 934 934 935 935 935 935 935 935 935 935 935 935
DENMARK	Schwing	St Konparterys	11/2 349 BBB 1258 1/40 H	Tolog Gas		29 BC Phone \$237 ₂ 227 ₂ 237 ₈ 1 8 Brunswit \$127 ₂ 111 ₆ 13 ₈ 15 164 CAE \$73 ₄ 7 7 7 55 COL 8 \$92 ₂ 73 ₄ 73 ₄ 1 40 Clt \$232 28 28 11 ₆ 40 Cad Frv \$232 28 28 11 ₆ 42 Campridg \$227 ₂ 21 1 13 ₈ 3 Camp Ros 180 170 180 65 652 Campsou 1 \$177 ₄ 12 133 ₄ 37 ₆ 89 CCamp as p \$14 14 14 1	22550 Gandall 576 170	9 94 44 44 44 44 44 44 44 44 44 44 44 44	3500 Omega Hyd \$5 43 30555 Oshewa A 1 \$161, 17	0 430 270 1, 171, 13, 1 151, 21,		\$291 ₂ 28 A \$6 54	81, 29
Bologa Hidgs	ITALY	SWITZERLAND	New World Dec 12.30	Salones 1,229 -300	9100 2656 2229 1444 3900	184 CAE	25550 Denison A p 25	1212 13 13 15 16 45 -5 1112 2112 -3 19 19 -4 1814 1814 · 14	8997 PanCan P \$261- 24 36315 Pegasus \$22 18 400 Pembins \$16 14 5600 Plant A J \$50- 7	7 -2 10 -1 1243 -314 243 -314 14 -414 17 -115 18 -115 18 -15 19 -15 19 -15 10 -15 1	F-No voting rigits.	NTREAL	cied votin
Baltica Hidgs	October 28 Price + sp Line	October 28 Price + w Frs 10,000 -400 Absolute - 10,000 -400 Bank Los - 3,250 -50 Rosen Resert - 2,400 - 150	Wast Hids 9.05 Wister lad 11.90 World hell Hidgs 4.00	1.05 Yamaida Sec. 1,770 - 400 Yamaida Sec. 3,740 - 500 Yamaida Sec. 1,240 - 500 Yamaida Sec. 1,240 - 300 - 200 Yamaida Fire 1,240 - 200 - 200	3900 2963 7710 9799 600 200	35 C Nor West \$21 199 1912 4 0 C Pacture \$153 13 137 - 1 0 C Pacture \$155 23 137 13 137 - 1 0 CS Pete 1 300 285 295 10 Cun Trust \$64 58 58 10 C3 Invest \$47 43 43 588 C Bt Com \$1714 1514 1614 4	150177 Hees Intl \$1912 1 54671 H Baylin s 59 8 7601 H Bay Co 521 1 116000 Imasco 625 2 96018 Imp Oll A \$84 2	191 ₈ 191 ₈ 27 ₈ 274, 231 ₂ 4 274, 58 5	23000 Provino \$84 7	7 107 - 13 12 11 15 12 11 15 15 15 15 15 15 15 15 15 15 15 15	Closing p	rices Octo	beт 19 27½
Norn tads* 179.00	Credite Italian	Ada led	JAPAN	SINGAPORE	1213	35 C Nor West \$21 1958 1812 \(\frac{1}{2} \) 4 0 C Pactors \$1312 13 1318 - \(\frac{1}{2} \) 9 CS Petre f 300 285 295 10 Can Trust \$64 58 58 10 Can Trust \$64 58 58 10 15 CO Octontal \$1834 1819 1818 \(\frac{1}{2} \) 15 C Octontal \$1834 1819 1818 \(\frac{1}{2} \) 165 C Octontal \$1834 1819 1818 \(\frac{1}{2} \) 186 CP Lid \$2184 1754 1819 1818 314 1818 1819 1818 315 181 18 18 18 CUtil A \$1834 15 18 1 1 18 CUtil A \$1834 15 18 1 1 18 CUtil A \$1834 15 18 1 1 18 CUtil A \$1834 15 18 1 1 18 CUtil A \$1834 15 18 1 1 18 CUtil A \$1834 15 18 1 1 18 CUtil A \$1834 15 18 1 1 1 18 CUtil A \$1834 15 18 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	S4971 H Baylin a 39 18 18 18 18 18 18 18 1	17 19 45g 12 712 214 14 1012 1 1 9 13g 145g 145g 15g 14 93g 17g 18g 93g 17g 18g 93g 17g	215700 Ranger \$514 45 18700 Rayrock \$10 71	. Al. 27a	70344 Bank Mon 19354 BombrdrA 372857 BombrdrB 3550 CB Pak 280561 Cascades 3925 CL 54382 ConBath 17426 DomTxtA	\$00°4 07° \$00°6 06°2 \$144 13 \$07°5 06 \$313 31°5 \$19°5 17°4	13 06% 31%
FINLAND October 20 Price + or Miles	Microtreficare	Noff-Rocke (PRDs) 114,500 20,950 1607-Rocke 1/10 11,600 1,500	October 28 Price Yes	+ or October 28 Price + or	1200 3350		235605 Intl Thora	2 12 17 ₈ 114 23 ₈ 2 12 -234	117403 Renisence \$131, 12 55287 Rensp (\$13 10	% 12% 1% 11¼ •2½	9245 MMTrst 229279 NatBk Cds 104595 Noverco	\$185 15 \$133, 121 ₂ 8 \$113, 101 ₂ \$121, 111 ₄	18 211 ₂ 101 ₂ 121 ₄
Arger 223 34 100 11.55 11.55 12.55 1	Snia BP0 1751 150 Toro Assic 24,950 1,350	Service Serv	Alternation 2,970 All Repur Air 1,940 All Repur	Cold Storage	3750 1780 5586 2870	550 Carma A 20 18 18 -2 0 Colanase \$16 14 15 -1 00 Centifo A \$73, 7 73, 1 10 Cellatan \$13 10 112 13, 00 Cellum B \$16 15 5	8500 Praco B \$133, 1 76960 Jannock \$17 1 1150 Kerr Add \$20 1 6100 Kiena Gid \$18 1 41676 Labatt \$221, 2 654289 LL Lac \$12 8	8 18 11 ₂ -5 01 201 23	2707 Homan 512 11 307034 Royal Bots \$2634 25 136605 Rytros A \$131, 11	15 1 11 1 2 2612 216	79850 Provigo 24805 Repap Eni 15000 RollandA 100 RollandB 57551 Royal Bur	\$0612 0714 127 \$1614 1274 \$1212 1112 \$21 21	07 ³ 4 13 ³ 4 211 ¹ 2 21 28 ¹ 2 33 ³ 4
Kyronew	NETHERLANDS Robby 29 Price + 47	Schinder (PtCts)	Caso Computers	00 Malayan Utut Ind 2.04	3308 5400 8400	177 Comines 5155 11 157a •23a 3	\$2820 Lacana \$101- 1 235291 Laidisw A \$1714 1 110742 Laidiw B f \$153, 1	11 178 0 1012 7 334 15 338 14 14	224238 Röyen	ก 340 50 ไ	14480 SteinbrgA 56925 Videotron Total Salos 13,272		3334
121.5 35 Wartsile (slil) 232.5 22 FRANCE	AFF Hadding	Seriesar 1000 -140 Series Bank 460 -100 Series Resiscre 116,500 -700 Series Velitable 2,100 +50 Union Bank 4,250 +30 Wintershar 5,500 +300 Zeries for 6,500 +400	Dai Hippon Ink	Statistical Prints Statist				Ind	ices				
October 20 Price + sr Pri. - sr Engress 4.5% 73 - 11,090 - 31 Empress 7% 1973 - 19,249 -71 Accor - 30 - 10 Agence Hands - 425 - 10 Alt Liquide - (63)	ALCO	AUSTRALIA	Fast: \$760 -1 Fell Bank 2,750 -5 Fell Filts 3,870 -5 Felicans 1,740 -4 Felicans 1,200 -7 Fericans 1,200 -7 Fericans Dect. 833 -1	Stepspere Ar	NI	EW YORK DOW J	Dozuber 1987 Sk	nce compilation	ĀUSTRALIA	Oct. Oct. 20 19	0et. 0et. 16 15	1987 High	Law
8IC	Cks Brocoles	8cluber 29	Feylina 1,200 - Fryitin 1,200 - Fryitin 1,200 - Fryitin 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 2,100 - 1,200 - 3,100 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200 - 1,200	SOUTH AFRICA	4 lade	istrials 1738.42 2246.74 2355.09 2 e Book 81.25 82.28 82.26	14 Rept Low Rep RQ270 2722.42 1738.42 1738.42 (2580) (1991) (258 82.74 95.51 81.25 (992) (1991) 1011.57 1101.16 776.87 1100 (1480 1991) (1480 198.49 273.83 18.05 227 (271) (1991) (227)	42 40.22 (87) (27/02)	All Ord (1/1/80) Metals & Minerals (1/1/80) AUSTRIA Cresis Aktien (30/12/84)	1549.5 2064.9 935.2 1312.2 207.92 218.03	1321.0 1303.9 1	2305.9(21/9) 1462.4(14/10) 232.19(22/9)	1485.7(2/) 729.1(2/1 182.21(19/
Alcasel 1,829 Alc 600 +40 BMP (Cert.lan.) 355 Bongrain 2,345 Bongrain 920 -20 BSN Gervals 4,210 -160 Carrefour 2,603 -127 Can litediterrance 528 Coffice Burcare 486 -16 Coffice 285 Banart 2,485 Especia 56	KLIII 37.00 -3 KCIII 134.50 -5.5 Hat Med Cort 55.50 -5.3 Hed Mid Bank 137.50 +4.5 Med Light 156.00 -7 Occ Scrietcy 255.00 -11	Arecor 3.40 -17 AIX Group 4.30 -0.65 Ampai Pet 330 -0.75 Ariadhe Aest 155 -0.65	Indian	Substitute 28	Ushin		198.49 1101.16 776.87 1101 (14.88 (191.0) 14.87 227.83 18.098 227 (2271) (191.0) (2271	.16 12.32 (871 (871/32) 83 10.50 (814/32)	BELSIUM Brussels SE (1/1/94)	1282.69 4303.42 (a) 205.36		5412.20(13/8) 219.76(27/8)	3987.86(9) 189.64(6/)
Damert	Hongment 99.90 -0.6	Action 1.96 1.1 Aust Carnett 4.00 1.1 Aust Rat Inds 1.65 -0.25 Bell Group 5.50 1.7 Seed Carp Hilps 1.60 -0.7 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.65 Seed Carp Hilps 1.60 -0.7 Seed Carp Hilps 1.60 -0	Jusco 1,270 -3	Oct Control	MOARD AND POOR'S poste \$	305.23 \$36.77 224.99 336	.77 440	FINLAND Usetas General (1975)	(4)	65k3 679.1	6791(15/10)	425.2(5/)	
3110	Dec Metates 255,00 -11	ARE Rail buls 1.05 -0.25 Bed Group 5.51 4 Bed Group 5.51 4 Bed Group 5.51 4 Bed Group 5.51 4 Bed Remirces 3.00 1.7 Beed Copp Hilps 1.00 -0.7 Beed Copp Hilps 1.00 -0.7 Beed Copp Hilps 1.00 -1.1 Brille Copper 3.00 1.1 Breathies Index 7.20 2.6 Bridge Gl	Commission Com	Aliked Tech 175.00 -10 Asip Am Cod -3 30.00 -3 OD Aspin Am Cod -3 30.00 -12 OD Bardajs Bask -2 45.00 -3 OD Bardajs Bask -2 45.00 -3 OD Bardajs Bask -7 3.50 -4.5 OD CMA Sallo -6.70 -7.5 OD CMA Sallo -7.70 -7.5 OD Bardajs Bask -7.70 -7.5 OD Bardajs -7.70 -7.5 OD Gold Fields SA -9.0.00 -16 OD Bardajs -7.70 -7.5 OD Malcor Hidgs -7.70 -7.5 OD Malcor Hidgs -7.70 -7.5 OD Malcor Hidgs -7.70 -7.25 O	1	striats (a) 325.43 343.57	364.49 (254) (1976) (254) 373.17 (274) (373) (254) (27) (254) 24.33 (2.4) (1976) (254) (254) (1976) (254)	1067 (1/6/32) 17 3.62 187) (21/6/32) 18 64 187) (1/10/74)	CAC General (31/12/62) Ind Toutage (31/12/66) GERMANY FAZ ANDRO (31/12/58)	(u) 352.4 (u) 87.0 540.90 569.85 1669.40 1744.10	-		352.4(20/1 87.0(20/1) 538.32(19) 1633.80(19)
Marsons Priests [66 -1	VNU	BHP Gold	Marshest	Freegold	A			99 4.46 1871 (25)4423 01 29.31 1871 (912/72) 28 54.87 1871 (31/10/72)	Commerchank (1/12/53)	le: 3695.53			2448.89(20
Most-Heatersty	AURITAI	Consolici W 3.50 -1.3 Consolicited Pet 0.16 -0.05 Contain Asts 3.86 -1.29 Energy Res 2.05 -0.7	M*hishi Rank 2500 -41 M*bishi Corp 910 -22 M*bishi Corp 1,020 -22 M*bishi Elec 540 -10 M*bishi Elec 2,170 -40 M#hishi Elec 000 -10	Malcar Hidgs	-			ago (approx.)	Barca Com. Ital (1972)	588.58 615.90 1910.08 24866.06 1793.90 2039.80	- 	767.34(30)41 26646.43(14/20) 1 2258.56(11/6)	588.83415 18544.90(1 1557.46413
Petriles Fra	Ater Norum 69.50 23 Berges hank 165.00 23 Berges hank 190.50 44.5 Caristiana Bt 179.50 42.5 Des Norube Creefs 132.50 25 Elices 107.00 44.6 Hankhard 400.00 466	Energy Res	MHI	10 Smith (C.S)	S & F	Industrial Div Yield 3.07 2 Oct. 14 0c	2.78 2.61	3.73 ago (approx.) 2.99 17.70	METHERLANDS ANP CBS Sen (1970) ANP CBS Indest, (1970)	(a) (a) (a) (a)			257.7(28/ 243.1(15/)
Reduste	Ater Norces	Jambertson (SOEFP)	Nation Sec	100 100	1-	DING ACTIVITY † Volume	NEW YORK		NORWAY Osto SE (4/1/83) SINGAPORE Saraits Times (30/12/66)	413.30 526.00 967.95 1223.20		592.04(2 <u>1</u> /9) 1505.40(2 <u>6</u> /8)	361.98(2/ 889.08(2/
1,099 16 16 16 16 16 16 16	Kneister — 245.00 - 50 Intert Data 125.00 - 65 Intert State 125.00 - 65 Intert State 125.00 - 65 Intert State 150.00 - 125 Storebrand 306.00 - 77	Mayor Michigas 6,10 1.95 1.25 National Michigas Bank	Nigona Kogates	MOTES — Prices on this page are as quoted on the inflinded exchanges and are lost quoted on the inflinded exchanges and are lost quoted prices to association, or Desiring supplicated, at Ea whiteen, at Ea sorty usual are Ea rights, to Ex all "Price in Knowler	\$ 16CW 1	Oct. 19 Oct. 16 Oct. 15 York	lesses Traded	(a) 2,025 (p) 2,69 (a) 1,694 (a) 302 (a) (a)	SDUTH AFRICA ISE Gaid (28/9/78) ISE Indies (28/9/78)	2429.0 2293.0 2265.0 2264.0	2302.0 2289.0 2266.0 2265.0 2	2499.0(3/8) 2266.0(16/10)	1786.0(19 1423.0(2/
OVER-THE-	COUNTER N	lasdaq national market, c	losing prices		-	w		(d) (d)	i 	(a) 302.51 247.36 2954.17			202.8948/ 2111.39(28
Seck Sales High Low Last (Hosts) Continued from Page 49	Cheng Stack Sales High (Houlds) RepArm 28e 12 1212 15% (RouterH .98e 3533 581)	Law Last Cheg Stock	Sales (High Low Last Ching S Sints) 877 2214 d1778 19 -314 L 573 1854 1312 1414 -212 L 1087 1278 d1078 11 -1 L	Stack Sales Righ tree Lest Ching (Hindis) 18 HittC 16 8 2744 6 d 55 5 53 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		Tuesday, Octo Stocks Closing Clange Tended Prices on Day	ber 20, 1987	Clesing Change Prices on Day 1,370 — 388	SWITZERLAND Swiss Base led. (31/12/58) WORLD M.S.Cophat led. (1/1/70)	ω 628.3 ω 421.3		729.7(5/10) 495.9(27/8)	599.7(25/ 361.3(2/)
ne8c .40 4 479 113, d101 ₈ 101 ₉ nePrs 1331 83, d 73, 81, ppcC 47 475 133, d117 ₈ 121, encR 15 458 173, 1815 17		12114 2112 -3 Soutrat .80 7 12516 2816 -114 Sovran 1.44 82	363 1914 61712 1734 - 174 1 1 3421 30 62712 2734 - 212 1 140 814 7 7 - 114 1 95 4412 30 4112 - 212 1	knvFns.03e 132241 144 1334 1444 1 ₂ j knvHk.33e 12963 54ad.47a 5 7a j	Kena Kena Kepa Sasai Kaba	en Kolon 25,90m 299 51 itama Motal 23,50m 269 - 45	Stocks Tradige Coop	1,378 -388 565 - 73 748 - 89 849 -288 239 - 43	8ase values of all indices are 10	orday October 17 J	•	E (c)	Imbetrial
rbit 13 514 6 6 5 54 rgngn 4380 11½ 9¼ 164 shRA 54 14 1190 52 d451, 461:	4 - 1-4 Riggs et 1.10 25 200 254 4 1 5 Riggs et 1.10 25 1467 324 6 2 - 4 Rock CS. 08e 621 97 6 3 - 51 Rock CS. 08e 505 194	d 3 3° -24; Sperits 120 17 225; 247 - 4; Standy 1.20 17 225; 247 - 4; Standy 1.20 17 225; 247 - 4; Standy 1.20 16; 16° -25° -35° -35° -35° -35° -35° -35° -35° -3	442 213, 20 201, 11, 411 142, 125, 125, 125, 135, 14	V V (Band 14 1361 225 d154 17 ·512		LONDON - Mest Tuesday, Octob	Active Stocks		Base values of all Indices are 10 264.3 and Australia. All Ordinary 10; and Toronto Corsposite and 4/1/83. † Excluding books. ‡ 40 Closed.(a) Unavailable.	hetals — 2000. To O industrials plus	oronto indices based 40 milities, 40 Fins	- 50; Standard 1975 and Mont ancials and 20 t	and Poor's real Porti transports.
TOTP 2.92 11 64 37½ 035½ 35% WENNINGS 10 171 15½ 14½ 14½ P Q ACE 895 5½ 64% 43	11/2 RoesStr 1005 51/4 (Rouses 47 59 2286 211/4 (Roysland 132 1415 115/4	412 42 - 7 States 307		1.53 78 1006 1234 1012 1073 134 1.54 825 15 1937 1012 d 812 934 12 WR 80 6 855 115 2014 21 14 1.54 215 215 215 21 14 1.54 215 215 215 21 225 14 1.54 215 215 215 215 215 215 215 215 215 215	RIGHE.	Starts Clarina Cianca	Saul-	Chaing Change Price on Day 183 — 19			TIVE STO		ing Chas
NC 1.98 10-3312 4519 6577; 38 acar 1.60a 9 454 657; 52 52 acr 1.60a 9 454 657; 52 52 acr 1.60a 77; 64; 7 arsan 21 279 26 254 25 arsan 21 279 26 254 25 arsan 21 279 26 254 25	v-e- ss	6 57g 77g 7g Studi.vt Suberu 38 503 Subfrin 20 14 123g 121g 11g Sunning.72b 153 101g 11 -2 SunGrd 19	199 35 c34 34 - 13, V 296 2012 19 381, - 114 V 116 652 62 63 - 2 V 1913 4 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Wilder	BP Haese Bek Te	Tracket Price on Sky 63.0m 315 -29 65.0m 140 - 9 33.0m 286 -31 on 7r. 33.0m 116 -287 (alexan 32.0m 223 -28	Bacal	Price on Day 189 — 19 258 — 38 152½ — 31½ 358 — 48 213 — 18	Stocks Care Pacificary 1,921,000 Cam Eas 1,667,700 AT&T 0,637,500 Exem 1,707,600 Exem 1,707,600	tosing Change gree on day 294, —44, 244, —24, 234, —64, 414, —94, 35 —84,	IBM Ford Wolor Amer Express Santa Fe Gillette	Sacies Class traded pric 6,279,806 10 5,079,600 4,991,900 4,881,800 4,777,700	ting Change con de (1034 ₀ 1034 ₀ 1212 ₀ 24 24
2URirs 12 96 94 9 9	## 17 SCR Sys	9% 9% -2% 25mbCl 93 11 7% 7% 78 8 d 5% 7% 78 8 12% 13% 1% 5ubdru 35 55 12% 13% 1% 5ubdru 35 55 13% 13% 1% 5ubdru 36 55 16% 15% 15% 25% 5ubdru 36 16% 15% 15% 25% 5ubdru 36 16% 15% 15% 25% 5ubdru 36 16% 15% 15% 25% 5ubdru 37 20 20% 35% -2% 5ubdru 37 5% 6% -1% 5ymbl 23 20% 35% -4% 5ymbl 39 20% 35% -4% 5ymbl 30%	195 311g 02254; 2272 - 2 V 2237 2372 1972 2112 - 3 3307 214 d 112 2 - 3-11 205 314 614 674 - 154 W	w w	_		Chief price change		<u> </u>				
aychx 30 651 224 d18 f8 f8 f8 f9 f9 f6 f6 f9 f6 f6 f6 f6 f6 f6 f6 f6 f6 f6 f6 f6 f6	5 - 5" Saterito 38e 986 225 5 - 24 Saterito 24 7 12220 5 4 - 24 Saterito 35 7 4638 3034 5 - 3 SageSft 17 173 9 - 11 Stude 14 956 205 2 - 24 Stypus 18 5 5 38 45 6 2 - 24 Stypus 18 5 5 38 45 6	185, 191, -11,	211 151, 2131, 131, -2 11 105 25 231, 221, -11, 11	/elbro .40 9 1091 197 ₂ 181 ₄ 183 ₄ -11 ₄ 1 /eshben .28 15 249 15 d1312 137 ₈ -11 ₈ 1 /FSLs .80 6 1588 231 ₄ d213 ₄ 22 - 3 ₄ 1 /HSBs .40 3 3652 173 ₈ 15 151 ₄ -2	Ш.	LONDON (in pend)			Jaguar	-115 H - 42 H	Reed Intl Reuters B Rils Ryce Rothmans	505 -	- 95 -125 % - 31 % - 59
Second Second	4 - 21 Selects 34 7 1252 54 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	d 8°g 9°g 4 42 42°g 4 d 9°g 10°g 2°g 10°G 44 45 14°g 15° 7 10°G 10°G 10°G 10°G 10°G 10°G 10°G 10°G	118 231, 21 213 - 2 W 273 10 664, 71 - 212 W 669 91 ₈ d 71 ₂ 73, 13 ₈ W 79 10 6 91 ₂ 81 ₂ 5 W	ן עַיַּצַ עַוּכּוּ עָּיַאוֹם /וּ וְיַוּוֹ זוֹ בּאוֹמוּ		Exch.12pc2013/17£119%+21% FALLS: Beecham388 - 76	Caffyns 47: Fisons 28: Grand Met 44: Guinness 26:	2 - 52 4 - 75	Lucas Inds604 Morg Grenfell388	- 95 I - 76 S -135 7	Ryi Ins Sun Ali Tate & Lyle	870 - 75 6 -	- 60 - 78 - 72
Tumar 15e 24 7283 195 d18 18 185 u185 u185 u185 u185 u185 u185	2 16 Schilds 40 18 x130 40 2 1 2 Schilds 39 472 71 6 Schilds 15 1070 58 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	377 SB 11, TP En 5, TS 104 SB 133 TS 150 SB 11, TS 150 SB 133 TS 150 SB 133 TS 150 SB 11, TS 150 SB 15, TS	1446 301 ₄ 253 ₄ 301 ₄ 4 W	Farrick 14 45 15 6144, 15 -24 Farrick 14 103 181, 18 18 -28 Farrick 14 103 181, 18 18 -28 Farrick 18 18 27 26 24 31 Farrick 18 18 18 18 18 Farrick 18 18 18 18 18 Farrick 18 18 18 Farrick 18 18 18 Farrick 18 18 Farrick 18 18 Farrick 18	11 1	BL Circle 395 — 43 Brit & Comm 378 — 72	Hanson Tr11		Pearson793 Prudential825	-142 V	WPP Gr Wellcome	690 - 330 -	-115 - 59
10(gh3v 20e 6 237 th dr3 31(e) eccct .08 14:1587 32% 25% 28 eccct .08 14:1587 32% 25% 26 eccct .08 14:1587 32% 25% 26 eccct .08 14:1587 32% 25% 26 eccct .08 14:1587 32% 27% 27% 27% 27% 27% 27% 27% 27% 27% 2	- 19 Seegate 5.2225 18 4 278 23 4 278 23 4 278 23 4 278 23 4 278 23 23 24 24 25 25 25 25 25 25	2014 2114 - 2 Telords 24 31	915	respond 27 87 11 1014 1024 7; instead 27 87 11 1014 1024 7; instead 27 8 424 1512 distill; 1324 - 21; instead 27 8 224 225 224 - 54; instead 27 8 245 225 224 - 54; instead 27 125 225 225 225 225 225 225 225 225 225			<u> </u>		- <u>-</u>				
rinvO.16b 125 1745 105g 94g 10 rrosGp 2290 91g d 71g 91	Sensor JS 153107 89 6 5 5 5 5 6 5 5 6 6 6 6 6 6 6 6 6 6 6	100 1034 - 314 11.5mert 2014 2114 - 2 12074 2114 - 2 12074 2114 - 2 12074 2115 - 12		therich 1421 185g d143g 151g - 33g 1111amt1.08 10 148 48 441g 441g - 41g 1111aL 12 2558 151g d153g 153g 7g 15000 050 151 151 151 151 151 151 151 1		CA	•	• 4		1			
Trulio .54 5 204 1975 c185 185 185 185 185 185 185 185 185 185	2 + 14 STRINGO .72 10443 63 54 54 54 54 54 54 54 54 54 54 54 54 54	20% 21% -1% Terradin 84 100 10	2526 773 143 154 - 7 W 149 80% 50% 60% - 5% W 350 17% 15% 16% 1% W 25 22% 20 20% 20% 1% W 140 11% 9% 9% 1% W 150 10% 10% 10% 10% 10% 10% 10% 10% 10% 10	sheffer 1421 185 d 1484 151 d 346 shilammi.00 10 148 444 </td <td></td> <td>Stay</td> <td>y in tund</td> <td>e wit</td> <td>h your r</td> <td>nark</td> <td>kets</td> <td></td> <td></td>		Stay	y in tund	e wit	h your r	nark	kets		
100 100	SilconS 18 757 919 0	414 459 -1 1 130	1305 91, d8 85, 5 W	CYS 15e 567 124 d107g 107g 1 CW 5158 51g d 41g 41g 3g combgs 40 16 1850 17 d1614 165g 1 yman 30 313 16 d1514 151g 1			ahead c	of yo	ur comp	etito	ors		
RR 164 B4 14±539 19 d18 164	1	11419 1484-114	11 11 11 11			44T							
ladišys Disc 15 1514 91, d 8 81 loseous 18 264 84, 77, 7 16y-Cr 73-2 2 5-18 d 13-18 15 16y-Ci 20 39 355 53, d 41, 4 logunas 13 458 127, 10 10 logiše 6 138 13 d 124, 123 logiše 104, 77, 8	7g 7g 7g Societys1.20 7 1199 29 0 16 3 Societys 35 7 273 171 0 14 1 1 Sotium 13 173 171 0 15 Starb 13 164 54 15 - 26 Sonochs 44 15 697 2294	10 10 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	10042 814 4 754 776 3 2 X 8 8 8 1	ONAA 1963 12 912 19 -114 toor 104 1301 812 7 714 -1 dex 5015 913 d 813 824 - 1 tylogic 13 294 l414 d1114 12 - 5 tylogic 13 757 914 d 6 775 - 2 owfa 82 17 527 325 d2913 2913 - 334 nowfa 82 1844 915 d 715 7 - 2 tylogic 13 36 375 384 tylogic 13 384 915 d 715 7 - 2 tylogic 13 384 915 d 715 7 - 2 tylogic 13 384 915 d 715 7 - 2 tylogic 13 385 91 34		you've got to read the F.T			No wonder we editorial staff worlds	vide and ou	r own team of	f economis	sts
lepign 1042 101 ₃ 77 ₃ 8	2 Sonora 1663 67 ₈	74 We USCal 54 281	034 185 d17 174 176 2	road 815 41, 31, 31, 31, 31, 31,		This statement, from executive, tells you better	than we ever could	i why top	analysts and statistic picture of internatio When you take	nal business	s the way we	do.	l
·		. :		-		European decision maker analysis and hard business to		i insignt.	we'll send you 12 iss		и эпоэсывног	កលេល៩ក i	' ∦

Have your F.T. hand delivered . . .

... at no extra charge, if you work in the business centres of LISBOA & PORTO

Lisboa 887844 And ask Roberto Alves for details.

12 ISSUES FREE



Frankfurt (069) 7598-101
And ask Wilf Brüssel for details.

FINANCIAL TIMES
Europe's Business Newspaper
London Frankfur New Vork

PIBTICAL PLANT PLA

121₄ 51₄ 191₂ 6151 21₄ 83₈ 6201

27²4 d11 d23²

AND 1.88
TITE 1.32
TITE 2.726
TITE 2.736
TITE 2.736
TITE 2.736
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME.
AND INCOME. KDI 3.

KLM 7.5e

KLM 7.5e

K mrt 3. 1.16

KN 15.16

Kambelt 40

Kaneb

KCPL p4 50

KOPT p4 50

KOPT p4 50

KOPT p4 50

KOPT p4 10

KOPT p6 11

KOPT p

1.2 10 / 1.0 336 G G .10 .3 12 GAF 1.1
GAATX 1.50
GGA 1.50
GGA 1.50
GGCA 1.50 n 252 cp s 2.52 pt 2.50 pt 2 pt 2.48 General 1 5.6 3 2612 1812 Glarined 1 5.6 3 2612 1812 Glarined 1 5.6 3 2612 1812 Glarined 1 5.6 3 2612 1812 Glarined 1 5.6 3 2612 1812 Glarined 1 5.6 3 2612 1812 Glarined 1 5.6 3 2612 1812 Glarined 1 5.6 5 7 894 d 10 9 GGRo. 816 19 146 412 Globylidol 12 4133 985 Globylidol 12 4133 985 Globylidol 12 4133 985 Globylidol 12 4133 985 Globylidol 12 4133 985 Globylidol 12 4133 985 Globylidol 12 4133 985 Globylidol 12 413 99 1507 4114 Globylidol 12 4.5 5 7259 4636 Globylidol 12 4.5 5 7259 4636 Globylidol 12 4.5 5 7259 4636 Globylidol 12 4.5 5 7259 4636 Globylidol 12 4.5 5 7259 4636 Globylidol 12 4.5 5 725 2614 Globylidol 12 4.5 5 725 2614 Globylidol 12 5.5 5 725 2614 Globylidol 12 5 1900 - 19

DCNY s 101
DPIL s 56
DennarCs 144
Dentir's DenseCri 44
Dentir's DenseCri 44
Dentir's DenseCri 45
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
DenseCri 46
Dense

10 的复数化的复数 10 的复数计算机 医多角性 10 的复数 10

Continued on Page 49

16

TAMEX COMPOSITE PRICES

	120	Financial Times Wednesday October 21 1987 Ø			49
	\	NYSE COMPOSITE PRI	CES	AMEX COMPOSITE PRICES	Prices at 3.00pm, October 20
		1276 6Fg Orion pr. 50 0.9 34 72 d 6 6 -7 128 134 135 134 135	184	TABLE 2007 131, 111, 115, -14, Actions 255 14 17 35 -1, Actions 255 14 17 35 -14, Actions 255 14	RBW
	, k	103 79 PHE phts 50 12. 2220 67 79 61 +2 1474 1014 Solin Co.80 8.2 149 10 88 64 PHE pl.7.90 12. 2480 651-2 65 65 -1 8014 44 South 671 8 331 85 60 PHE pl.7.76 12 2200 651-5 67 6314 +314 1114 614 South 674 4.5 5 131 1314 1314 Phts 1319 34 7.5 12 145 131 6124 1314 1314 66 36 Som to Ph. 614 55 56 56 56 56 56 56 56 56 56 56 56 56	67 344 47 -121 2314 UNBCO.st.040 7.18 198 1514 61412 1614 1 6 6512 44 47 -121 2314 UNBCO.st.040 7.18 198 1514 61412 1614 1 6 6 512 2314 2312 2312 2312 2312 2312 2312 23		Stack Sales High Low Less Ching
24½ 14½ Rustigs 80 4.1 8 330 15½ 14½ 14½ 15½ 13½ 13½ 13½ 13½ 13½ 13½ 13½ 13½ 13½ 13		Selection of the printing of t	## 12	Section 19 Sec	Normag
25 SPSTace 98 3.4 19 100 22½ 62½ 25½ - 5½ 64½ 50½ - 5½ 64½ 50½ 51½ 51½ - 5½ 64½ 50½ 51½ 51½ - 5½ 64½ 50½ 51½ 51½ - 5½ 64½ 50½ 51½ 51½ - 5½ 64½ 51½ 51½ - 5½ 64½ 51½ 51½ - 5½ 64½ 51½ 51½ 51½ - 5½ 64½ 51½ 51½ 51½ 51½ 51½ 51½ 51½ 51½ 51½ 51		33 12 Ryland 40 2.9.5 3032 1634 1314 14 + 2 484 2856 Tribun 6 80 18 12 2476 2416 1214 1219 1219 1318 112 1219 1318 112 1219 1318 112 1219 1318 112 1219 1318 112 1219 1318 1318 1318 1318 1318 1318 1318 13	37 29/2 32/2 +2/4 cumulative issue with dividends in arrears. n-new issue in the	Centror 1255 244 d1912 2112 314 Finished 106 68 1774 145, 1576 - 15, Jerico 16 14 6965 17 d1614 1674 - 74	NoveSv.10e 62 101g d 91g 95g - 1g NovePh 4924 77g d 65g 65g 7g NovePls 19:2873 211g 171g 181g - 11g NovePls 40 17:3823 173g d 181g 171g + 1g Numrc 56 10 216 12 d10 101g - 13g
		133, 81, 51, 5nd 185 1.9 12 125 101g SPg SPg -3g 127g 227g THE pt 2 9.0 247g 32 SPSTER 98 14 10 100 521g 4251g 237g -324 545, 55% The EPR 50 70 11 458 477g 12 SSMC 190 172 15 16 18 -2 15 57g Tutter 8 7 1437g 195 10 Sebime .04 4 365 13 107g 107g -3g 21 143g Twindo .70 4.0 24 375 145g 177g Twindo .70 4.0 24 375 195 127g SEBIM .38 12 9 258 12 411 171g -7g 237g 177g Typol c .24 14 21 473g 197g 127g SEBIM .38 12 12 127g 237g 237g -27g 237g 237g -27g 237g -27g 237g -27g 237g -27g 237g -27g 237g -27g 237g 237g -27g 23	distribution, xw-without warrants, y-ex-dividend and sales in-	Celus 7113 17 c1112 116 418 FEDRE 2128 6 724 4156 136 137 c1112 116 418 156 138 12 1252 76 CARRISS 12 168525 1776 41556 136 136 136 12 1252 76 CARRISS 12 168525 1776 41556 136 136 136 136 136 136 136 136 136 13	O O O O O O O O O O O O O O O O O O O O

Alexander Nicoll in London assesses the crisis of confidence among world investors

Markets' vulnerability exposed

A market maker in decline in London

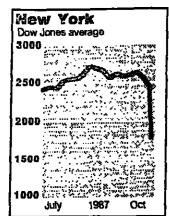
dence that, if all went well, Eu- able to meet its obligations, ropean markets could recover London markets yesterday is-

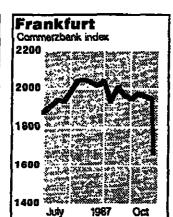
tion.

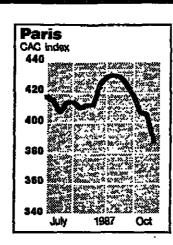
The second concern was about the health of market play-kets, and all were safely met.

EUROPE

Frankfurt and Zurich contain falls







INVESTORS, stunned by the sheer size of Wall Street's Monday fall, yesterday began to look with trepidation at the possible longer-term consequences for the world's markets and economics.

Some markets reacted with

London was buffeted by extaordinarily volatile move-ments. Normal concepts of what

is a big movement in a stock market will have to be adjusted

after the huge percentage changes which have been occur-

ring from hour to hour. Fren-nied conditions were also seen in international bond markets

which saw large, if irregular

Apart from bald fear of where

the US markets' unprecedented

disorder will lead, two overrid-ing concerns emerged. The first was that the drop in stock prices

would hurry the US into a reces-

sion which could have a severe

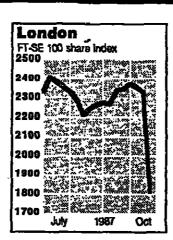
ne extent undermine the

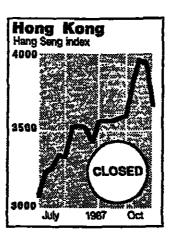
strong fundamentals which closely at whether the other have lain behind analysts confiparty to a transaction will be

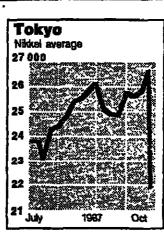
impact on other economies. A global recession could to

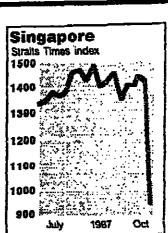
suspended.

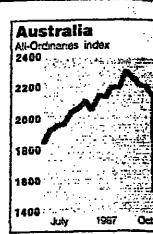
buying.











Dow recovers with largest single gain

WALL STREET

WALL STREET staged an extraord-inary recovery from Monday's recording its largest gain since World War 11 on very heavy volume, write Anatole Kaletsky and James Buchan in New

After a hair-raising day, which saw wild swings caused partly by computerised programme trading, the stock market responded to suc-



Mr Alan Greenspan

cour from the US Federal Reserve Board and heavy intervention by companies to prop up their own

By the close, the Dow Jones Industrial Average was up 102.27 points at 1841.01 – a gain of 5.88 per cent. Volume was about 603.9m shares, only just short of Monday's record 604.3m shares when the Dow lost 22.6 per cent.

After a highly unusual statement from Mr Alan Greenspan, the Fed's new chairman, reminding the markets that the central banks would stand ready "to serve as a source of liquidity to support the economic and financial system," the bond market experienced one of its sharpest railies on record, with the Treasury's long bond up as much as five full points just before the New York Stock Exchange opened at 9.30 am.

Encouraged by the bonds' breathtaking performance, the Dow Jones industrial average mounted a spec-tacular early rebound, gaining 200 points on very heavy trading within the first hour. But, almost as quickly as it had started, the rally fizzled and the stockmarket was back into negative territory by noon. By early afternoon, trading in as many as 60 stocks was suspended, forcing & halt in most futures and options in-

dex contracts. But as the afternoon wore on, there was an increasing flight into the quality of the Dow stocks, with the broader market averages faring much less well. The Dow Transportation average was down 36.62 points to 740.25. In the smaller markets, both the Amex and the Nasdaq indices ended the day down.

The large capitalisation stocks generally found favour while the more leveraged and speculative issues were singled out for another round of pummelling, with many new losses comparable to the ones suffered in Monday's-market wide

Thus IBM, turned in one of the market's strongest performances, with a gain of \$13 to \$115. AT&T was also buoyant, rising \$3% to \$27% while Exxon jumped \$5 to \$39. American Express was another well-bid blue chip issue, advancing

\$3¼ to \$25. Among the companies announcing or accelerating buy-backs of stock, USX rose \$4 to \$25, Ford jumped \$4% to \$73%, Merrill Lynch rose \$3% to \$28%. But Shearson Lehman fell \$2% to \$17% and Allegis was off \$5% to \$70%.

Among other blue chips, General Motors rose \$5% to \$59, General Electric rose \$4% to 46%, Merck fell \$4 to \$147 while Digital Equipment. after a delayed opening, rose \$4% to

The banks fared well thanks to good earnings reports, huge injections of liquidity and statements of support from the Federal Reserve Board. Of the banks reporting results, Citicorp, which also an shares.

Some markets reacted with sharp declines, especially in Asia, which had escaped the brunt of earlier falls. Those that had aiready fallen a long way this year, such as Italy, did not suffer as much as others. In Hong Kong and Greece, and in some Italian stocks, trading was suspended. nounced a stock repurchase, \$7% to \$44%. Manufacturers Hanover rose 3% to \$30% and Bankers Trust, rose

But the Wall Street investment houses had a mixed time. E. F. Hutton, which was obliged to deny rumours that it was in poor financial health, fell \$6% to \$16% though Merrill Lynch rose \$2% to \$27%.

Transportation stocks did poorly, with the Dow Transportation index slumping over 70 points at one point, though it picked up by the close. Burlington Northern, which announced a stock buyback, fell \$% to \$51%, while among the airlines, AMR was down \$3% at \$35%. TWA collapsed \$12 to \$14 on news that Mr Carl Icahn had dropped his buy-

The bond and money markets provided much of the direction throughout the morning, as long and short-term interest rates both came under consistent downward pressure from Federal Reserve men market operations as well as a flight to quality in the US markets and abroad. The Federal Funds rate fell early in the day to 7 per cent-from an overnight 7% and by lunchtime the Fed had pushed this vital money market rate down several notches further to 6% per cent. By the close it was trading at 6%.

The Treasury's long bond experienced extraordinary volatility, plunging from five points up near the opening to a gain of only one point and then back again, to settle down at 1 pm 4½ points up at 95½. At this level the bond yielded 9.374 per cent, representing a fall in long-term interest rates of more than one full percentage point since the worst point the day before. By the end of the day, it was yielding 9.507, from West German Finance for a gain on the day of just under 1% points at 932%.

CANADA

IN TORONTO, the stock market ignored the early morning gains posted in New York and re-sumed its sharp downward plunge, tumbling another 152.3 points in the first 15 minutes of trading, writes David Owen in To-

By 1pm, the benchmark TSE-

300 composite index had extended its losses to 327.8 points at 2,863.58 - a decline of over 20 per cent from last week's close.
Volume at 39.5m shares was
nearly 40 per cent above even
Monday's frenetic levels.
The market portfolio index in Montreal, meanwhile, contracted a further 154.28 points to 1,439.87 after Monday's 167.88-

1,439.87 after Monday's 167.88point loss.

Toronto losses were heaviest
in the metals and minerals subgroup, which fell 469.7 points to
2,271.79. Industrial products
dropped 190.97 to 1,681.81, oil
and gas slid 327.30 to 3,190.65,
and financial services were off
146.15 at 1,853.54. Order imbalances prompted trading to be ances prompted trading to be stocks shortly after noon.

Among mines, American Barrick fell back a steep C\$8 to C\$18, while Placer Dome slid a further C\$4% to C\$16%.
In the money markets, widespread uncertainty caused ac-tivity to be concentrated heavily in short-term instruments

REASSURANCES from the West
German and US authorities of
support for currency and securities markets brought only temporary relief in London, where
share prices suffered another
round of substantial losses yesterday, writes Terry Byland.

Equities began to slide lower
again in late trading as rumours
of financial problems on Wall
Street circulated in the City
dealing rooms.

The stock market ended the
day with a loss of a further 12.2
per cent in major indices, bringing a total loss of 21.7 per cent
slince the end of last week. The
FT-SE 190 fell 250.7 to 1,801.6.

British Government bonds, and sparked a perceptible wid-ening of bid-offer spreads. By mid-morning traders re-ported that spreads on onemonth treasury bills had dou-bled to around 10 basis points, with bids quoted at 8.45 per cent and offers at 8.35. Rates have come down from over 9 per cent

The Key Market Monitors have been dropped from today's edition to accommodate more reports on the sharp movements in markets around the world. Market indices, lists of the most active stocks and London's chief price changes can be found on Page 47. bourses struggled to hold on to their ground in heavy, often chaotic trading yesterday. Scan-dinavian markets continued to dive. writes our Markets Staff. FRANKFURT fell, but

om their sudden under-valua-

ers. Rumours swirled about a number of US securities hous-

es, each of which firmly denied that it was in any difficulty. In

such circumstances, however, all participants have to look

sharply than on Monday in another extended session. Ath-BASF and Hoechst recovered poise in chemicals, adding DM9.40 and DM9.50 in turn to DM29.70 and DM29.10 but Bayer was another DM9 off at DM304. ZURICH climbed back from a hectic early fall to close mixed, finding a foothold on the firmer dollar and lower US and UK interest rates.

Banks, though, found little cheer and Union Bank and Credit Sulsse both succumbed a further SF750 and SF7125 in turn to SF74.250 and SF7250 and SF7125 in turn to SF74.250 and SF7250 and SF7125 in turn to SF74.250 and SF7250 and SF7 Minister Gerhard Stoltenberg for the Louvre currency accord. The midsession Commerzbank index fell 74.7 to 1,669.4, a drop

Banks showed resilience.
Deutsche closed down DM35 at
DM530, its worst showing this year. Dresdner rebounded from a soft opening to close up DM5 at DM310 and Commerzbank also added DM7.50 to DM259.50. Daimler and BMW plumbed lows for the year at DM884 and DM594 respectively, falls of DM28 and DM47. VW, though, bounced back up DM8.90 to DM320.90.

Siemens gave up DM15 to DM575, but fellow electrical AEG rose DM16 to DM575. Retailers also had mixed fortunes, Karstadt adding DM8 to DM538, but Horten slipping DM17 to DM205 and Kaufhof falling DM10 to DM480.

cheer and Union Bank and Credit Suisse both succumbed a further SF150 and SF125 in turn to SF14250. Foods were among the strongest issues, with Nestle adding SF1700 to SF1950 and Jacobs Suchard marking up SF150 to

Suchard marking up SFr150 to SFr9,200. Ciba Geigy also picked up SFr50 to SFr3,450. Insurers were patchy, with Winterthur SFr400 to the good at BFr6,500 and Zurich up SF7350 at SF76.500. Swiss Refell SF72.600 to SF718.500. RRINSF1 4 BRUSSELS dipped slightly in FFr3.147. Eif led of busy but calmer trade as insti-FFr11 rise to FFr295.

London markets yesterday is-sued additional calls for margin

Markets did take comfort from the assurance by Mr Alan

Greenspan, the Federal Re-serve chairman, that the central

bank would stand ready to pro-vide liquidity if necessary in or-

der to protect the financial sys-

Avionics group Dassault stood out with a FFr70 advance to FFr940, as blue chips led ad-vances. Peugeot rebounded FFr48 to FFr1,300 and electronic Thomson-CSF notched up a
FF785 rise to FF71,075.
L'Oreal bounded shead
FF7160 to FF73,260 and La Re-

doute soared FFr196 to FFr3,147. Elf led oils with a the market. The cash index closed 20.73 lower at 4,282.69.

FITH rise to FF1226.

AMSTERDAM fell back from day fall in a flurry of nervous selling. The all-share index plunged 75.15 to 317.92, a 19.1 per cent drop.

The big investment institu-tions remained very wary of com-mitting their funds to a market

still clearly velatile and appre-

However, London market analysts remain relatively optimis-tic towards the UK and other Eu-

repean bourses. London stocks are now selling on around 11.5

are now selling on around 11.5 times annual earnings, regarded by the institutions as an attractive buying opportunity - if only Wall Street would settle down. The huge losses of the past two trading sessions have raised concerns for the financial health of firms trading in London. Two US firms were obliged yesterday to deny rumours that they had filed

deny rumours that they had filed under US bankruptcy laws. This week's setback has proved

the first serious test of the new electronic-style market intra-duced into London a year ago.

"It's a crisis of confidence," said one London analyst. "Mar-kets have become detached from reality and from the economic conditions that we have around us." Assuming conditions do be-

come calmer, the longer-term consequence could be a severe dent in investor confidence. In stead of believing that shares could rally as the economic fun-damentals reassert themselves, investors could instead see investors could instead see each attempt at a raily as seling opportunity. Some such opportunistic selling as the market recovered was certainly seen when the London market recovered yesterday.

The week's events have exposed how vulnerable the world's largest markets are to big movements partly as a result of their very openness and liquidity; they have also exposed the illiquidity of some Continental markets where relatively small selling orders cause huge price drops.

But the mood vesterday was of

But the mood yesterday was of increasing alarm at the consequences of the crash. Whatever the logic of arguments about economic fundamentals, it takes a brave investor to seize a buying opportunity. "I just don't know what to make of these con-

CBS all-share index slipped 3.8

to 78.9.
Internationals softened fur-

ther, with Akzo weakening a further F1 13 to F1 129 and KLM

dipping a further F1 3 to F1 36.50. Philips fell F1 4.40 to F1

38, Royal Dutch F1 18.90 to F1 205.10 and Unilever F1 6.50 to F1

lently to a second successive re-cord fall despite a dramatic late

attempted rally which more than halved early losses. The

Affaersvaerlden index dived 7 per cent to 840.9, a 63.4 point

domestic and overseas selling. The all-share index closed down 17.35 at 285.16, a fall of

5.73 per cent.
OSLO marked its biggest one-

MADRID dived in a flood of

Tidal wave of selling finally swamps Tokyo

TOKYO

THE TOKYO stock market plunged yesterday as the waves of selling, which first hit New York last week, finally caught up with Japan, writes Stefan Wagstyl in Tokyo.

The Nikkei index fell by a re-

cord 3,836.43 points or 14.9 per cent to 21,910.08, wiping Y57.4 trillion (million million) off the capitalisation of the world's largest market.
The market was paralysed for

much of the day as traders were unable to find buyers to match the huge number of sellers. Even a rescue bid by the Big Four Japanese securities companies, Nomura, Daiwa, Nikko and Yamaichi, failed to halt the Acting in reponse to an inforal request from the Japanese

Ministry of Finance, the four companies bought shares on their own account, but prices continued to fall until the close.

All eyes were then on Wall

Street in the belief that a further fall in New York would force Tokyo stocks lower in a psychological reaction.
The Long Term Credit Bank, one of the largest institutional

investors, said: "Tokyo is badly affected by New York Everyone

Japanese economy are good. What is happening is simply a

Street. and 7.68 per cent in 1971 when US President Richard Nixon announced the end of fixed exchange rates.

However, the Japanese mar-ket has fallen far less than Wall Street. It is just under 18 per cent off its all-time peak reached on Wednesday - where-as New York has seen a 37 per

cent fall from its peak.
Foreign investors and Japa-Foreign investors and Japanese private individuals were said by traders to be the most keen to sell yesterday. Large institutional investors said they were prepared to wait and response from selling.

A\$5.50.

BHP, Australia's biggest company, was the most heavily traded with volume hitting A\$38m in Sydney and Melbourne alone and finished A\$1.80 lower at A\$3.10.

soon as the scale of Monday's decline on Wall Street was apparent. There was no longer any talk, as on Monday, of the resil-

ience of Tokyo.

By midday, only some 10 per cent of leading stocks had been traded at all. Volume rose in the afternoon thanks to the big cent of leading stocks had been traded at all. Volume rose in the afternoon thanks to the big brokers' operation, but even by the close nearly one third of the top stocks were untraded.

After the close, the Tokyo Stock Exchange acted to ease credit restrictions, reducing

Stock Exchange acted to ease credit restrictions, reducing from today the amount of collateral needed to borrow money for buying securities.

The bond market offered hard-pressed brokers some relief Prices rose as investors decided that recent fears about inflation had been overdone, especially in the light of the fall in equities. The yield on the benchmark 89th lasue 5.1 per cent government bond was 5.71 the exchange's dawn initiative pre-empted what many stockbrokers said would have been a bankrupting blitz of sell-ing orders. per cent at the close - down 0.215 per cent.

The high-tech sector suffered badly in what brokers called black Tuesday trading, Stageo Nishiwaki of Jiji Press adds. NEC, Matsushita Electric Industrial and Toyota Motors tumbled a maximum Y400 to Y1,910,

Y2,070 and Y1,700 respectively. Sony, TDK and Fuji Photo Film

slid a maximum Y500 each to Y4,450, Y4,410 and Y3,870. Elsewhere, Sumitomo Bank fell a maximum Y500 to Y3.170, while Nippon Telegraph and Telephone (NTT) closed Y260,000 down at Y2.65m.

AUSTRALIA

IN AUSTRALIA, the record books were rewritten, writes Chris Sherwell in Sydney. On the back of a \$7 fall in the bullion price, the stock market's gold index crashed 1,036.6, or 28.2 per cent, to 2,638.1, putting paid to hopes of buoyancy from that

On the futures market the trends were still more pro-nounced. December share price index futures opened at 1,500, down 506 from Monday's close of 2,006. The contract reached a low of 1,230 before clawing back to 1,330, down 676 points and still at a heavy discount to the physical market.

physical market.
At the finish the widely-watched All-Ordinaries index of 325 stocks, covering all sectors, had plummeted 515.6 points, or 24.9 per cent, to 1,549.8 Trading volume was almost 185m shares, with a value

in excess of A\$500m affected by New York Everyone is watching what happens there."

Mr Junichi Nishiwaki, an economist at Mitsubishi Bank, said: The fundamentals for the hands and the story was grimly recorded its biggest one day fall in history, slumping 504.75 to 2,925.26 in frantic trading. The

previous record fall was 1742. at NZ\$3.70, down 73 cents, hav-Yesterday's near 15 per cent fall in the Nikkei dwarfed previous records. The market fell to per cent on the day Soviet Pleader Josef Stallin died in 1953 and 752 near cent in 1071 when the state of the big manufacturers, Fletcher Challenge was down 95 cents to 10 per cent on the day Soviet Pleader Josef Stallin died in 1953 and 752 near cent in 1071 when the state of the state o

Some Australian shares suffered worse fates, losing almost half their value. As the bull turned to bear almost overnight, personal fortunes were

slashed.
Mr Rupert Murdoch's News
Corporation finished yesterday
at A\$13.00, down A\$7.00, having
hit A\$11.50 in the first hour of
trading Mr Robert Holmes a
Court's Bell Group fell A\$3.90 to
AES 50

HONG KONG

been a bankrupting blitz of seliing orders.

They said that after Wall
Street's slump on Monday, they
had been braced for a fall of
1,000 points or more in the Hang
Seng index - amounting to about
one third of the market's capitalisation. The index had already lost 11 per cent of its value on Monday, with an
unprecedented 420 point fall to
3,362.4

Gold, diamond shares plunge in Johannesburg

London suffers further substantial losses

hensive.

dex lifted 5 per cent to 2,429. Just before the market close yesterday, however, 12 per cent had been wiped off the overall index and 9 per cent off gold

Any HOPEs that the Johannesburg stockmarket would escape the rest of the world's selling panic vanished yesterday, writes Jim Jones in Johannesburg.

On Monday, the market's overall index rose 2 per cent to a record 2,804 and the all gold and walked at the all gold index lifted 5 per cent to 2,429, Just before the market close

Among the worst affected was there were few signs of institutional selling.

For the present, no one is prepared to forecast any strong advance in the dollar price of gold, but rather brokers believe the price will remain firm as investors turn to the metal as a safe investment haven.

TEL AVIV: Panic selling hit

there were few signs of institutional selling.

Cluded a threat of a bombing unless the exchange was closed and trading halted.

It was the final day for the redemption by the public of gold, but rather brokers believe the price will remain firm as investors turn to the metal as a safe investment haven.

TEL AVIV: Panic selling hit

British Government bonds, however, advanced strongly as

traders sensed that investors reduced to 70 at one stage - until sought a safer haven than equities for their money. The UK Wall Street traced an erratic bond market's concern with in-

But the mid-session loss of 394 points on FT-SE 160 Index was

to RAZU at one stage in the afternoon and Sasol slid R2.90 to safe investment haven.

TEL AVIV: Panic selling hit Some 57 per cent of shares the Tel Aviv Stock Exchange believe the slide will be halted later this week, particularly as

A London dealer takes a breather

The system has performed satis-

factorily, although there have been times when market makers have reduced the size of share

bargains in which they would deal, or widened their spread be-tween buying and selling quota-

at the close of official trading yesterday after falling a record lines 40 cents to 4.8 ringgit to 5.95 ringgit and Malaysian Airyesterday after falling a record lines 40 cents to 4.8 ringgit to 5.95 ringgit and Malaysian Airyesterday after falling a record lines 40 cents to 4.8 ringgit to 5.95 ringgit and Malaysian Airyesterday after conduct the second market being mostly a local market, Thailand's stock exchange plummeted in line with Wall Street languages.

god and the same of the same o

Lumpur stock market suffered The SET 100-share index re-

its worst ever fall yesterday, corded its sharpest single-day plunging 15.6 per cent after fall to end down 36.64 at 422.37

SINGAPORE

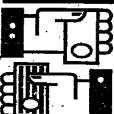
THE worldwide frenzy of selling drove Singapore lower again, surpassing Monday's record drop, to leave the Straits Times industrial index at 996.82, down 226.

Blue chips and quality issues felt the brunt of selling, with Singapore Airlines off \$83,00 at \$39.30 on a turnover of 6.8m shares traded, DBS lost \$\$5.00 fo \$50.00 and HIC gave up 65 to \$\$9.00 and UIC gave up 65 cents to \$\$2.21.
The market will be closed to-

day for a religious festival

Financial Times Wednesday October 21 1987

SECTION III



The global market is a reality, though it remains in its infancy. Despite its rapid growth, **Alexander**

Nicoli identifies problems about settlement, an intense debate about issuing techniques, and anxiety over the pressures being placed on the new breed of trader.

Everything to play for

Globar equities have been trumpeted for two years now as the new era in securities mar-kets. Great strides have been made: massive increases in the amounts of equities distributed markets, as well as in the resources devoted around the world to research in foreign

to research in foreign tors, and investment banks.

Though Eurobonds have
It was easy to conjure a vision served for many as the model of
the future. Markets were a transnational market, they
inked instantly by modern were essentially created out of It was easy to conjure a vision of the future. Markets were linked instantly by modern communications. Companies aspiring to be global in their operations would raise capital from a global pool. By the same token, investors would select stocks from a vastly expanded international range. In the midinternational range. In the middle would be global investment banks, able to provide all dle would be global investment banks, able to provide all necessary services in all markets, given the much greater size of trading results. This results than hard markets equities than hard markets.

The reality, of course, is not like that. In a sense, the global equities market could be said not really to exist at all. It renot really to exist at all. It remethods. It means coping with mains essentially an agglomerathorny problems of regulation tion of national markets, and and settlement in unramiliar depends on their individual parts of the world. It means ex-strengths. While it is clear that traordinary new pressures on equity markets have taken impeople, many of whom are very portant steps towards interna-young.

Even though large amounts of

money have been raised and invested internationally, and investment banks have made considerable investments -especially in London and Tokyo - to back their bet on international growth, much of what is being done remains experimen-tal. There have been some salu-tary lessons for issuers, investors, and investment banks.

a void. The market could devel-op its own customs. The interna-tional equity market, by con-trast, is an accretion of established domestic share

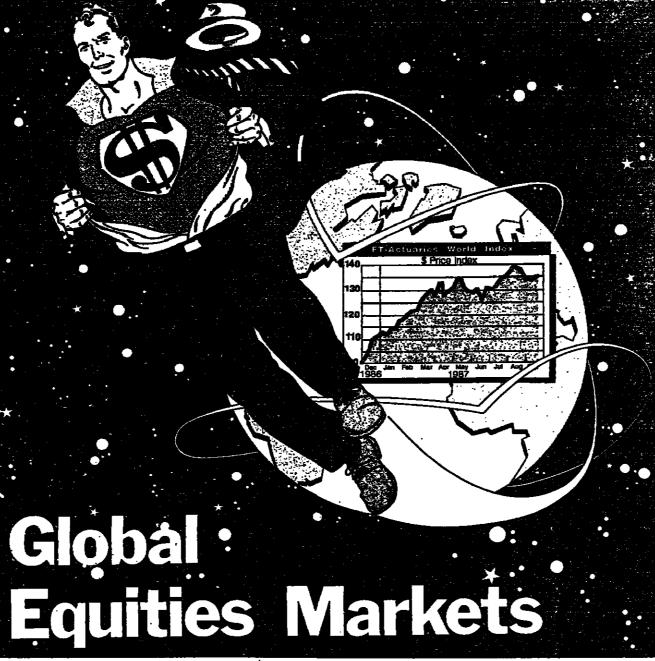
equities than bond markets, is not at all easy. It entails a pains-taking approach to differing na-tional cultures, prejudices and

portant steps towards interna-tionalisation, it is also clear that the new market is still in its something has clearly hap-infancy.

Even though large amounts of

Despite this cautionary note, something has clearly hap-pened in the past few years.

Investment banks have enor-



tional equity capabilities. As an example, when the UK merchant bank Baring Brothers bought the Far Eastern inter-ests of stockbrokers Henderson ests of stockbrokers Henderson Crosthwaite in June 1984, the team numbered just 15 people. As Baring Securities, the com-pany now has 365 staff in Lon-don, New York, Los Angeles, Tokyo, Hong Kong, Seoul, Singa-pore and Frankfurt - specialis-ing mainly in Far Eastern stocks and equity warrants but stocks and equity warrants, but now expanding into Europe. Mr Andrew Large, who heads Swice Bank Composition Lates mr Andrew Large, who heads Swiss Bank Corporation Inter-national, says: Tive years ago we said to ourselves: we know what has happened in the debt markets, and we believe there could be similar developments

early Euro-equity issues - the uity-linked bond sector - are term initially applied to distribution of equities through the rill Lynch. Morgan Stanley, Eurobond syndication route. Then SBCI purchased Savory Goldman Sachs, Deutsche Bank, Goldman Sachs, Deutsche Bank, Sig Warburg and Shearson Lehman in Stanley in issuance of bonds with equitive transfer in Samuel 1988. SBCI also captured a very large team from W I Carr for Far East-ern stocks. Its front-office equities staff around the world out-side Switzerland now numbers 400 people, compared with 50 at the end of 1985.

Many other firms have similarly switched Eurobond talent into equities, or built new inter-national equity teams, both on the primary issuing and secondary trading Among prominent Eurobond firms now with a heavy emphasis on equity in kets, and in particular the Eurorisks. US pension funds have cluding the rapidly growing equipment bond market, appear to have devoted a still relatively small

international issues of equity

The move into international equities results from a confluence of many factors. Bond mar-

being as the long decline in in-terest rates was at first halted and then reversed, and as the falling dollar has heighte currency worries for many offshore investors.
The Eurobond market was, in

uity warrants.

The figures for market growth

any case, increasingly difficult to make money out of It has become grossly overcrowded as banks of many nationalities and equity-linked debt totalled have felt it necessary to estab-\$36bn in the first nine months of lish capital markets arms to ser-1987, more than three times the total for 1985. A rough estimate by Salomon Brothers puts cross-border trading volume at which is still continuing. In-\$750bn last year, compared with creasingly performance-con-\$400bn in 1985. scious investment managers The move into international have looked abroad with the aim both of improving their performance and diversifying their

CONTENTS

Cross border investment: s changed role; Why

Global trading; Big Bang a yeer

Trading-room life: reports from London and New York 5

Euro-equities; Equity-linked

Research; Analysis; Regulation madement: Passive

Settlement; Third World Markets; Quotation systems; Profile:

World markets: Europe; Japan;

but growing proportion of their portfolios to foreign equities, and UK pension funds - always much larger investors abroad have also stepped up their international activitities. A range

of new indices has sprung up to help them measure their per-

formance. For issuers, the advantages of raising equity internationally are in general rather less tangible. There are some solid rea-sons, to be sure: Japanese companies, for example, have been able to raise money at virtually negative interest rates, by issuing bonds with equity war-rants and swapping the pro-

ceeds into yen.
In addition, many European companies have outgrown their

domestic stock markets.

The argument for many multinational companies is that their businesses have become global, so their shareholder structure should as well. This gives them a name which will help them to expand abroad through acquisi-tions, borrow abroad more easi-ly, and also act as a marketing

weapon.
Though there have been a number of successful international issues - including some of the British and French privatisations - there have also been some debacles which, given the youth of the market, still serve as oft-quoted lessons. British Telecom shares distributed in the US flowed back to the UK almost immediately. The largest offering ever attempted, a \$2bn stake in Fiat sold by Libya last year, foundered because it was too large, was done too quickly, provoked bitter arguments within the market, was plagued by fears about Italian settle-ment problems, and triggered a sharp fall in the share price.

These and other lower-profile problems with new issues have highlighted the needs of the primary market. Sponsors must ensure that the story of the issuing company is told properly; they must find investors that are likely to be firm holders - the quick dumping of Eurobonds by co-managing banks back to the lead manager is not acceptable with equities. Though some sales by investors may be inevi-table, investment houses making markets must have a pool of other investors to whom they can sell securities, so that flow-back into the domestic market

is avoided. Investors must be sure of a liquid secondary market. Above all, perhaps, the par-ticular characteristics of the issuing company and its domestic market, including regulation and settlement, must be closely attended to.

The many issuing techniques being tried - the subject of intense debate in the market have not yet fully met these

Many questions remain. British investing institutions, though among the most active investors in foreign stocks, object to their holdings in British companies being diluted by issues abroad.

Will the global markets disappear in a puff of smoke when markets fall? There is bound to be a contraction of activity. But most houses believe that, if they have developed a strong enough presence in national markets by that time, internationalisation will be durable.
Internationalisation, coupled

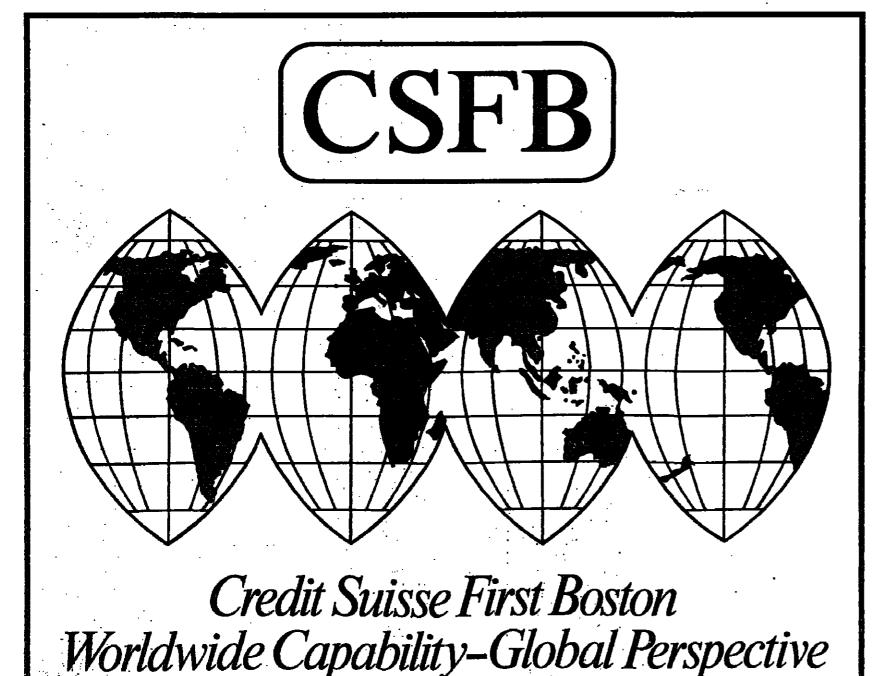
with new technology, brings in-to question the very nature of a stock exchange. They have brought a new competitive at-mosphere between stock exchanges - with London, for example, turning over considerable proportions of for-eign shares. A recent deal on automated futures and options trading between Reuters and the Chicago Mercantile Exchange has sent a shudder through all established exchanges around the world.

Regulation, especially in the

UK, poses threats of which the full dimension is not yet known. And there are human costs.

Many dealers are very young, with no experience of falling markets. Mr Terry Hurley, of Merrill Lynch, in a recent speech to a conference organ-ised by Westminster Management Consultants, said his mar-ket makers were usually in by 7am and got home at about 7pm, and were often called in the middle of the night. "We do not have any of them complaining, because if they complain we will get another market maker. That is the demand of international twenty-four hour trading. It is a good thing for the executives and the public relations people to talk about twenty-four hour trading, but entirely dif-ferent to go ahead and do it."

Undisputed Leadership in International Equity Placements



Since January 1, 1987, Credit Suisse First Boston, as lead manager, has raised U.S.\$5.8 billion equivalent through 60 international equity and equitylinked issues.

These transactions:

- have ranged in size from U.S.\$10 million to U.S.\$400 million for 53 issuers from 12 countries.
- included 37 debt with warrants and convertible transactions as well as 23 stock offerings of both voting and non-voting shares.
- were designed to meet the specific needs of issuers and the particular requirements of investors.

CSFB is uniquely experienced in international equity markets.

CREDIT SUISSE FIRST BOSTON LIMITED 2A Great Titchfield Street London W1P 7AA 01-322 4000

16

If today's prices are fair, any further gains may be limited

For some time investors have been asking themselves this question and, with the excep-tion of investments in just a few markets, have regretted it whenever they have decided

that they are. Like any investment, one in the index or any broad range of equities can be assessed in terms of the present value, at expected real interest rates, of an anticipated stream of after-tax income. Furthermore, under plausible assumptions the dividend yield can be ignored as long as internally reinvested funds invested directly in the

On this basis, one can ask the following two questions about equity prices: With what assumptions about future profits and real rates of

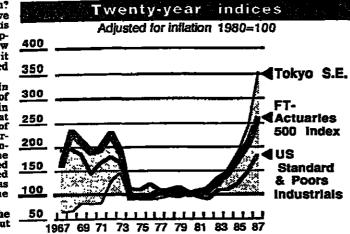
interest are prices at any time consistent? Do those assumptions make

Current equity prices in real terms (that is deflated by con-sumer price indices) in the markets of the US, West Germany, France, and the UK are not now significantly above the peak level of 20 years ago in real

Japan is different. The previous real peak of the Tokyo mar-

What makes present stock prices look so high is the inflation of the 1970s, which has raised nominal values and, more important, the collapses that occurred in the real prices of certifies in most major may of equities in most major mar-kets during or shortly after the

two oil shocks.
Thus, looking at the 1965-87 period, the real price of equi-ties in New York during 1987 has risen by 130 per cent above the low, which occurred in 1982; for the United Kingdom the current real price is some 430 per cent above the low of late-1974; for West Germany the real rise was 136 per cent between the trough in 1962 and a peak in the second quarter of 1986; finally, for France the current level is some 220 per cent above the trough, which also occurred in 1982.



early 1980s than in the 1970s.

ment in their quality. The ratio ment in their quanty. The ratio of price to earnings (after tax and interest) on industrial shares in the US in 1979 was at a cyclical trough of 7.7, while in

For the UK the ratio was 5.6

Moody's Investors Service gave an Assa rating to

Kansallis' medium-term certificates of deposit issued

on the American market. Only 35 banks in the world have this rating and Kansallis-Osake-Pankki is the

London, Luxembourg, Moscow, Nassau, New York,

Singapore, Stockholm, Tokyo, Zurich and Helsinki.

The Kansallis Banking Group works for you

in the Cayman Islands, Frankfurt, Hong Kong,

first bank in the Nordic countries to earn it.

1987 it has reached 19.7.

Japan is again a little excep-tional. The lowest real price of the Tokyo stock market in the 1985-87 period occurred in 1965. As might be expected of so dynamic an economy, the cyclical trough during the first oil shock of October 1974 was well above the real level in 1965, but the real level in 1987 was still 377 per cent higher than in 1974.

What has driven these recoveries in the share index above the treat peak of the rough market was achieved in early 1973. That level was surpassed in the second quarter of 1985, while the present level is more than double that of 1973 level.

The roughs? By comparison with the 1970s the real rate of the present level is more than double that of 1973 level. have lowered stock prices not raised them. It follows that the change justifying the rise. should have been in expected

> According to OECD statistics, for UK industry the net operating surplus on the capital stock (at replacement cost) was 4.3 per cent in 1975 and 14.3 per cent in 1985, while for non-financial corporations it rose from 3.3 per cent to 10.4 per cent over the same period. These rises have brought the UK back towards (in some cases above)

In the cases of Japan, West Germany and France the rates of return on industrial capital away in terms of implicit expec-in the 1980s appear not to have tations about future profits. For been significantly higher than example, a price earnings ratio in the mid-1970s (and lower in of 5.6 in the UK in 1980, or 7.7 in

Kansallis Banking Group

-The Nordic Countries' Leading

Financial Expert

KANSALLIS-OSAKE-PANKKI

LONDON BRANCH

MEMBER OF THE KANSALLIS BANKING GROUP

Kansallis House

80 Bishopsgate, LONDON EC2N 4AU

Tel. (44-1) 256 7575

Telex 887820, telefax (44-1) 256 5412

A STATE OF THE PARTY OF THE PAR

Kansallis-Osake-Pankki, the parent company of

the Kansallis Banking Group, is the largest manager

Successful operations this year have shown that its

The Kansallis Banking Group's London, New

York and Helsinki offices are also specialists in trade,

corporate and project financing. Kansallis expertise,

international position has further strengthened.

especially in project financing, is utilized from

the South Pacific to the Arctic.

of international loan facilities in the Nordic countries.

lieved that such earnings would cease altogether after six years

In short, the rational basis for the lowest prices of equities in the past 20 years would have been capitalism's imminent demise. It is strange that the mar-kets, but not the Marxists, appear to have believed only a few years ago that capitalism was about to go out with a whimper.

What of the expectations un-derlying current, much higher

Take the UK as an example. The current price/earnings ra-tio implies a return after taxes on an investment in the index of about 6 per cent, while, the yield on index-linked gilts is about 4 per cent. The same point applies to other markets, except Japan, whose prices do look peculiar against the fundathe profitability of US manufacturing was much lower in the mentals. In all the major mar-kets, apart from Japan, the real after-tax return will be 5 per cent a year or more, provided earnings maintain their real Measured profits do not ex-plain much of the 1980s rise, it appears. More important per-haps are unmeasured changes value in the long term.

in the quality of reported profits and, especially, of earnings after tax and interest as the dis-Another way of putting the oint is that it is only in the last torting effect of inflation has ditwo years or so that stock marhave been valuing the cor porate sector at, or a little above, the replacement cost of Nevertheless, equity prices appear to have risen by more the underlying assets. This, too, than earnings during the 1980s, even allowing for the improve-

Accordingly, if one were pre-pared to buy the index in most of the major markets and go away for 20 or 30 years or so, one would obtain a perfectly reasonable after-tax return compared with obvious alternatives, provided earnings were a least maintained in real terms.

in 1980, but has reached 17.3 in 1987. For Japan it was 17.4 in 1987. For Japan It was 17.4 in 1980, while it has reached 58.5 in 1987. For West Germany it was 8.1 in 1980, but has reached 14.9 in late 1987; while, in the case of France, the rise was from 5.5 in 1981 to a peak of 21.1 in 1987. The warning is that, if equities are now fairly priced, the opportunity for further substantial real gains may also be limit-ed. At the same time, a long term investment is merely one e value changes quickly in the short term view.

The relation between the price of equities and the con-The experience of the past 20 temporaneous earnings of the underlying assets can, of course, always be explained years is of oscillation between what looks like a sensible long term view and manic depres sion. The very fact that an econin the 1980s appear not to have tations about future profits. For omist concludes that prices are been significantly higher than example, a price earnings ratio again reasonable might lead the in the mid-1970s (and lower in of 5.6 in the UK in 1980, or 7.7 in the case of France). Meanwhile, the US in 1979, could have been other bout of depression.



Richard Lambert examines the growth of cross-border investment

Deregulation opens doors

EQUITY INVESTORS have had international horizons since the earliest days. In the first decades of the 19th century, US semoved barriers to foreign comcurities accounted for a large portion of trading on the Loudon Stock Exchange. And by 1906, US investors were reckoned to hold roughly \$600m of foreign securities.

But although the internation-al equity market has existed for

many years, the speed of its growth in the 1980's is unique. In the words of a recent study by the US Securities and Exchange Commission." Vast amounts of capital are now being raised internationally; the world's economies are more interdepen-dent; and economic, economic,

changes are altering the inter-national financial landscape in an unprecedented manner." According to an analysis by Salomon Brothers, international equity trading in the secondary market reached a gross figure of almost \$7500 in 1988. This was an increase of around 30 per cent from the firm's estimate of \$4000n for 1985. There has been a dramatic - and probably lecting above to the locations. According to an analysis by ably lasting - change in the long term trendline.

One explanation is to be found in the pattern of deregulation around the world, itself in part a response to the devel-opment of large current account imbalances among the major in-dustrialised countries. Japan has liberalised its controls on cross-border investments by, among other things, allowing certain financial institutions such as credit associations and agricultural corporations to buy foreign securities. Other countries have dismantled long established systems of foreign ex-change controls. The most notable example is

the UK Since the abolition of exchange controls in 1979, foreign investments of the British pension funds had risen nearly

petition within their own home base. In the US and the UK, and Increasingly in continental Europe and the Far East, domestic cartels within the securities in-dustry have been broken up; en-try barriers have been lowered or removed altogether; the cost of transacting business has fall-en. Much greater foreign partic-ipation in local markets has ac-celerated. the process of

The doors having been opened, customers of the inter-

opened, customers of the inter-national financial services in-dustry showed that they were willing and able to walk right through. Bond issuers and buy-ers led the way. In 1986, the Se-curities Industry Association of New York reckoned that foreign purchases of US private and public sector bonds reached \$67.8bn net. This dwarfed the figure of under \$19bn for US eq-uities. But equities are picking nities. But equities are picking up fast. A year earlier, share purchases came to less than \$50n, compared with \$69bn for

> have grown used to seeking out the cheapest source of capital on an international scale. Similarily, investors have had every reason to diversify their portfolios on a worldwide basis.

For one thing, Wall Street no longer dominates the international equity stage in the way that it used to. The growing maturity of other financial centres, coupled with the weakness of the US dollar, has challenged its position in the league table.

next 12 months that proportion fell back further to under 36 per cent - at which point, it was ac-tually a little smaller than the Since then, the US has

climbed back to the number one slot. But investors can no longer siot but investors can no longer afford to limit their world to Wall Street. For one thing, pen-sion fund managers are re-quired either by law or their trustees to diversify their risks on a prudential basis - which means they cannot close their minds to equities representing well over half of the world's expitalisation.

For another, the returns available to international invesattractive, especially when cal-culated in terms of depreciating US dollars. According to calculations by Goldman Sachs based on the FT-Actuaries World Indices, a US equity investor would have done five times better last year by placing his funds in Tokyo rather than in Wall

The growth in international portfolio investment has been driven in part by the institutionalisation of personal sector savings. Institutions are more likely to be concerned with broad risk diversification than are individuals, and they often have easier access to overseas markets. Foreign investment by markets, roreign investment by US private sector pension funds increased from an estimated \$3.3bn in 1980 to around \$45bn in 1986, at which point they still represented only 4 per cent ot total assets.

For comparison, the foreign holdings of British pension funds amounted to 20 per cent of total assets at the end of last

the most notable example is the most notable example is the UK. Since the abolition of axchange controls in 1979, foreign investments of the British pension funds had risen nearly sevenfold to nearly \$57bn by the end of 1986.

As well as opening up a path

Ten years ago, the US represented well over half of the combined capitalisation of the world's equity markets. By the summer of 1986, it was down to around 45 per cent as measured by the FT-Actuaries World Indices in dollar terms, and over the summer of 1986 greatly improved internations of the summer of 1986.

don and New York, as communi-cation times between the two centres were cut back from several days to a matter of minutes. So today, information costs are falling steeply, as are the ex-penses of transacting business in a distant marketolace.

This is important, because, while investors are buying re-cord levels of foreign equities. they are still doing so mainly in the home market for the equity in question. In this respect, the market is much less mature than the global market in

Although this may well remain the case for the foreseeable future, a global market in
equities is beginning to establish itself. Euroequity offerings
of common and preferred stock
amounted to \$11.8bn in 1986.
compared with only about
\$200m only three years earlier.
Stock exchanges are starting to
set up electronic links with foreign centres - between the US eign centres - between the US and Canada, for instance. And business in foreign equity is-sues is expanding rapidly in

In Toyko, trading in foreign shares amounted to 185m shares in the first six months of 1986. This compares with an annual average of less than 2m between 1973 and 1984. In London, trading in foreign shares has climbed to over \$500m per day, well over 10 times the levels that were typical before Big

Although the trend towards a global market in equities has undoubtedly been accelerated by the world wide bull market, most of the developments which have made it possible are not likely to be reversed. Regulators tors, investors, and issuers of equity still have to come to terms with this fundamental

London: the International Stock Exchange

The heart of the world game

THE LONDON Stock Exchange does not like to be called that. Its real name, nowadays, is the International Stock Exchange of the United Kingdom and the Republic of Ireland. When a grouping of international securities houses effectively took specified size. There are 47 control of the exchange in 1986, are not yet members of the color of the key of the

quotation system of the ex-change, should be the hub of the in the system's development. global stock market, at least for the European time zone. International securities hous-

They focused their attention

on the Stock Exchange, because it could provide a regulatory framework and infrastructure for what was a disorganised, fragmented market in international equities. It already had a mascent quotation system for in-ternational shares, Seaq Inter-

Progress has been made with

International Stock Exchange in creased to 640, of which of the United Kingdom and the Republic of Ireland. When a grouping of international securities houses effectively took specified size. There are 47 control of the exchange in 1986, the name was one of the key points in the negotiations.

This underlines their aim that London, and in particular the condont of the exception system of the exception of the ex

In addition, there are the be-ginnings of a trade reporting system, and market makers es have a lot riding on it. They have invested heavily in high-tech dealing rooms and high-cost staff in support of London's remaining one of the three legs of a global operation (the others being New York and Tokyo).

They forward their references the parts bourse. Seaq in direct competition with the Paris bourse.

> The aim is to introduce an entirely new version of Seag Inter-national which will have vastly expanded capability for stocks and market makers, as well as more sophisticated methods, for

volume.

Nevertheless, continental bourses have good reason to be concerned. And there is also other competition.

The Stock Exchange and Reuters are both anxious to play down the widely reported belief that they are locked in mortal combat over international equi-ties. Reuters, which does not want to be seen as an exchange because that would have regu-latory implications emphasises that it is simply an information vendor competing with Topic, the Stock Exchange's news distribution system, rather than Seaq, the quotation system.

It also says that it is its policy and market makers, as well as more sophisticated methods, for example for handling different currencies.

Reported volume of European

A says that it is its policy to develop through cooperation with established exchanges rather than through confrontation. Instinct, a Reuters subsidiary which operates an automated trading system, has

However, Reuters may be seen as a threat to the Stock Exchange because - by agreement with the Exchange - its sub-scribers can choose to put prices directly on to Reuters screens rather than routing them through Seaq.

The exchange charges fees for Seaq which are passed on to those who see Seaq prices through vendors such as Reu-

In the longer run, firms put-ting prices directly into Reuters (or some other system) - as they do in the foreign exchange market even though rates there are only indicative, not firm - could disk desired. risk destroying the cohesive ness of an exchange and make more poignant the question of what exactly a stock exchange is now that modern quetation systems have been developed.

GLOBAL EQUITIES MARKETS 3

US exchanges, amid fierce competition with each other, are also seeking to expand abroad through links with foreign markets

Aiming to be both liquid and transparent

THE WORLD'S largest securities market, into which Trea-sury figures show foreign investors are now ploughing money at the rate of \$20bn or more a year, has in recent months been demonstrating that it retains the flexibility to cater both to their needs and those of US and overseas companies seeking Wall Street funds.

After a damaging series of insider trading revelations, market regulators, as well as invest-

ket regulators, as well as investment industry operators, are working to restore the image of the US equity markets as not only liquid but transparent.

While this has brought closer policing of the way brokerages go about their business, energetic attempts are being made to promote the US as a place to raise capital. Foremost among these was the decision by the Securities and Exchange Commission in June allowing listing standards to be based, in some respects at least, on home counrespects at least, on home coun-

respects at least, on nome country practices.

This means that foreign companies are no longer denied a US quotation if they choose at home to operate protective classes of shares or disdain the idea of joining the quarterly reporting treadmill.

At a time when domestic new listings are running more than 50 per cent ahead of last year's inflow, the New York Stock Exchange, the Nasdaq over-the-counter market and the various smaller regional and specialist markets are also competing to offer products and services geared to a market in equities which would be defined less by national boundaries than by ease of trading.

The SEC, in an August report to Congress on internationalisation of the securities markets, expressed the worry that although US disclosure regula-tions ensure investor protec-tion, their extra-territorial applications may discourage some foreign investors and move trading offshore, adversely impacting the ability of US markets to compete with oth-

The document, which de-scribed the Eurobond market as a model of an integrated multi-national market, came as another indicator of an attitude on the part of the Washington regulatory officials more open to change.

The trend to globalised equity trading has already given birth to a number of links which, for the first time, directly connect US stock exchanges with coun-

Net purchases of U S equities (Sm) LATIN AMERICA & CARIBBEAN 4,390 173 4,098 (95) 3,616 8,592 **TOTAL ALL COUNTRIES**

terparts abroad. The most ambitious of these has been the ar-rangement between the National Association of Securi-ties Dealers and the London Stock Exchange, which gives mutual on-screen access to the top tier of around 300 quotations in each market.

For the most part, though, re-For the most part, though, re-lationships remain in their ear-ly stages, narrow in their imme-diate ambitions, and not all living up to their initial prom-ise. Foreign connections have come largely in areas derivative from, rather than centrally rep-resentative of. US equity deal-ings. The NYSE, host this month to the annual gathering of the to the annual gathering of the 43-strong International Federa tion of Stock Exchanges, has heard many proposals which of-fer the Big Board foreign ven-tures, but none has been taken

Ms Sandra Jaffee, in charge of international business at the exchange, says: "If we step back and look today at what linkages are doing, they are clearly in their infancy."

Already between 12 and 15 per cent of its business comes from outside the US, a high

One thing the NYSE has done is to open half an hour earlier each day, giving traders in the European time zone greater ac-cess. That might sound less than dynamic, but when you talk about getting an entire industry up earlier in the morning, that's

quite an endeavour."

Elsewhere, the Philadelphia Stock Exchange last month be-came the country's first securities market to extend trading hours into the evening, but this is confined to currency futures and options where Chicago's non-equity exchanges also open

to allow a Tokyo overlap.

The American Stock Exchange, in August, joined with the European Options Exchange in Amsterdam to offer options on its US stock indices. It also has an automated hooknt also has an automated mode-up with the Toronto Stock Ex-change, which is designed to meld cross-border trading in about 40 Canadian stocks. Response to that system has been

pstchy.

Mr Kenneth Leibler, the
Amex president, cautions: "We
are looking for niches rather
than being the first one to introduce around-the-world, 24 hour
a day trading."

The attitude is one generally
the and among IS securities ad-



The Philadelphia Stock Exchange last month become the country's first securities market to extend trading hours into the evening

months ago between the Nas-daq and London markets has exceeded the expectations of Mr Gordon Macklin, who as the NASD's long-serving president was instrumental in setting it

up.
Big Bang has opened the way
to a pilot clearing and settlement system, which the two
sides are now discussion along ing into fuller operation, along with an extension in the num-ber of stocks available on the system.

Mr Macklin, now co-chief ex-

ecutive of Hambrecht & Quist, a San Fransisco broking firm, enough level to allow its author—
ities to remain unconvinced that a formal link would meet a large customer need.

The link established 18 rrangement was modest compared with the deviceopments which remain possible. We wanted to established

lish the fact that our systems are indeed compatible. We wanted to see whether there was investor interest. That has now been done."

own firm. For the future of auto-mated links in general, the im-mediate is in this case the least predictable. The further out you look, the clearer the picture you can draw. Five years from now, even with the current state of technology, it's inevitable that more and more volume will be done through interfaced compatible systems."

lish the fact that our systems are indeed compatible. We wanted to see whether there was investor interest. That has now been done."

As the dealing process itself still takes place by telephone, evidence of activity levels is anecdotal, but he adds that the link is certainly bringing more unkinstitutional business to his own firm. For the future of autovery sophisticated automated system handling prices. The NYSE has one in its basement

The New York Stock Ex-

at the moment for bond trading."

For the moment, the NYSE says it is keenest on ensuring a wide foreign distribution of its market data. In the other direction, it lists in American deposi-tory form some 65 non-US com-

expects will grow significantly now the SEC has eased listing requirements.

According to Mr David Domijan, vice-president in charge of listings: When one talked to European business leaders cent favourably influenced if European business leaders there was a real feeling that there was a real feeling that quarterly reporting exacer-bates short-term management.

The problem was not just filling um and smaller sized portfolios. out forms."
Swiss and West German com-

panies remain absent, because determining investment choice of SEC problems with the way - and continental Europe was they value reserves and assets - singled out as having the poo-the next hurdle the NYSE will rest accounting standards. Next attempt to clear, starting by month's NYSE meeting in attempt to clear, starting by month's NYSE meeting in meeting business leaders in Frankfurt may be the first of Frankfurt in early November. Most US institutions still pre-

panies, a number which it fer to have foreign shares held Quality of disclosure was rat-ed even above currency risk in

SBCI Savory Milm

On 5th October, Savory Milln Limited changed its name to SBCI Savory Milln Limited. SBCI's London-based brokerage activities in European equities are now carried out at New City Court, London, consolidating SBCI's global trading presence.



NEW YORK Swiss Bank Corporation International Securities Inc. 1 World Trade Center, Suite 9051, New York, NY 10048 Tel: (212) 223-3007 Telex: 421444 Fax: (212) 644-4485 Savory Millin Securities Inc. 595 Madison Avenue, New York, NY 10022 Tel: (212) 223-2000 Telex: 429271 Fax: (212) 752-0987 LONDON SBCI Savory Millin Limited (UK and European Equities) New City Court, 20 St Thomas Street, London SE1 9RP Tel: 01-638 1212 Telex: 887289 Fax: 01-403 3370 Swiss Bank Corporation International Limited (Far Eastern Equities) Three Keys House, 130 Wood Street, London EC2V 6AQ Tel: 01-600 0844 Telex: 889381 Fax: 01-726 2375 FAR EAST Tokyo: SBCI Securities (Asia) Limited Tokyo Branch Office Shin Kasumigaseki Building, 19th Floor 3-2, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100 Tel: (03) 595-4360 Telex: 2225049 Fax: (03) 595-4365 Hong Kong: SBCI Securities (Asia) Limited Hong Kong 21st Floor, One Exchange Square, 8 Connaught Place, Hong Kong Tel: (852) 5-8446388 Telex: 62224 Fax: (852) 5-8106275 Singapore: SBCI Savory Millin Limited 6 Battery Road, # 17-03 Standard Chartered Bank Building, Singapore 0104 Tel: 225-6376 Telex: 43282 Fax: 224-3778.

16

GLOBAL EQUITIES MARKETS 4

It's a year since Big Bang: Clive Wolman examines the fall-out

Still room for niche operators

newly deregulated equity mar-kets, since last October's Big Bang, has been an unexpected success, not only for the customers, but also for nearly all the "producers".

Lurking beneath the surface of the securities firms, however, are a mass of management problems which have been over-looked or suppressed as a result of the boom fuelled by the 50 per cent rise in UK share prices in the nine months since Big

Bang. Although the new market has taken sufficient shape to end the chronic uncertainty that made planning so difficult be-fore Big Bang, few of the ques-tions about the future configu-ration of the UK securities industry can yet be answered.

The average rate of commissions on equities for institutional investors has been cut from 0.43 per cent pre-Big Bang to about 0.25 per cent. In fact, most larger institutions have negoti-ated a flat 0.2 per cent rate on all deals, which is much easier to understand than the multirate scale structure of a year

ago. However, even bigger savings However, even bigger savings result from the popularity of dealing directly - or "net" - with the market makers and paying no commission at all to a broker. In the first few months after Big Bang, the institutions flexed their articles by deiry short 60 their muscles by doing about 60 per cent of their deals on a net basis. Since then the proportion has fallen back to about 50 per

Some private investors have gained from commission-cutting or net-dealing. A few firms, such as Hoare Govett and Kleinwort Grieveson, launched cut-price services for small inves-tors last autumn but were forced to withdraw them because of their backlog of unset-tled bargains. As a result, the minimum commissions on the smallest bargains are higher today than a year ago. However, to transact bargains worth more than £2,000, private investors

can find several brokers charg-ing less than the 1.65 per cent pre-Big Bang commission rate. As more automated systems are installed in 1988-9, the charges

should fall further. Even private investors have benefited by the narrowing of the spreads between the most attractive buying and selling prices charged by the market makers. Despite fears that Big Bang would mean a drying up of the market in the less liquid beta and gamma small company stocks, the spreads have nar-

tralised Stock Exchange floor. The most serious source of

Post-Big Bang prices for dealing in securities are about 30 per cent of their level of a year ago.

rowed by 10 to 12 per cent. In alpha stocks, the spreads have not changed for deals at normal market size, and it is now possi-ble to deal in treble that size without forcing a widening of

Taking the three types of price reduction together, post-Big Bang prices for dealing in securities are broadly about 30 per cent of their level of a year

most industries, such savage price-cutting would have led already to a wave of insolvencies. But in the UK equity market, the adverse effects on revenue have been offset by a doubling in the average daily value of deals by investors (excluding intra-market-maker deals). And, as nearly all stock-broking firms made record profits in each of the three years prior to Big Bang, there is plenty of fat to be burnt off.

But two other threats have emerged, the entry of new com-petitors, particularly from the US, and the massive increase in costs faced by all firms.
The additional cost that has attracted most attention in reding up of salaries, often into six figures, as those firms which failed to form an alliance with a broker or jobber sought to build up their own teams by luring away, and then tying in, key staff.

Although the US banks took salesmen to New York for re-training as traders, until recently the potentially cheaper route of training and not buying in or training and not buying in staff was rejected by most UK firms as taking too long. In an atmosphere of "pay now and worry later", the inflated sala-

firms cannot identify, except in a vague way, where their reve-nues are coming from and their nues are coming from and their firms - the rewards will go those costs going to, and which of the hundreds of new faces are earning their keep.

The rewards will go those innovate, by cultivating new markets and finding new products to serve them.

processing and settling the broking firms were reluctant to number of bargains which, tie pay too closely to perforwhen intra-market maker deals mance, and few developed sowhen intra-market maker deals mance, and few developed so-are included, have trebled phisticated management ac-since Big Bang. But the heaviest counting systems. The frantic since sig sang. But the desviest operations to stabling computer systems on newly-constructed dealing other consequence is that too little thought has been given to developing new ways of pricing operations, conducted over the telephone rather than on a central track stock Freshangs foor.

These issues, and in particu-lar cost-cutting, are likely to gain importance over the next year. Salaries have already levelled off, except for qualified settlements staff, and cuts in bonuses are expected once the pre-Big Bang guarantees to key

staff expire.
A closely related issue has been the management of risk exposure. No firms have yet developed a global on-line system for the constant monitoring of the net positions held by traders, although such systems are likely to start appearing late next year, with the US banks in the lead. Firms have therefore not been able to use their capital to its maximum effect, and have had to impose unnecessar-ily onerous position limits on their traders.

The most important strategic question remains unanswered: to what extent will the industry small firms fall by the wayside? The more dire predictions, that London will be dominated worry later", the inflated salaries have gradually affected all levels, so that even secretaries can now earn £25,000 with overtime.

Numbers, too, have soared. County NatWest, for example, has trebled its staff since 1985. Large pockets of over-manning are apparent which compare ominously with the lean operations run, for example, by some Japanese firms in the City. The problem is that most firms cannot identify, except in a vague way, where their revenues are coming from and their that most one of products and sectors.

The failures will be those that fail to focus, and follow a "me too" policy across too broad a range of products and sectors. Among those too small to be giants exploiting global economies of scale - which probably means nearly all the UK-owned firms - the rewards will go those



The hexagons endure, but Big Bang changed the shape of trading

Global trading

Seag stretches the day

TWO-THIRTY in the afternoon used to be the time when City of London stockbrokers began to ease themselves carefully out of their lunch chairs. These days, nowever, it has become one of City's day, as the New York eq-

Street traders.
But if the day tends to close early for London's international equity traders, it opens early, too. At 7.30am the Japanese

bility for position taking in US
are on the line, with time for a
equities is handed over to Wall
Street traders.
But if the day tends to close

flashed electronically across

London's daily tenure of the global market is comparatively short - it is more like 6pm in New York before weary traders can transfer their burden to what is, at that stage, breakfastwhat is, at that stage, breakfast-time Tokyo. London has a bare seven hours, against eight or nine for the other centres. Nev-ertheless London plays a key role, not least because it is much more international in

character than the other two It actually has a defined inter-national market, the Seaq International screen-based trading mational screen-based trading system, with nearly 50 registered market makers. This system is not yet so well developed as the domestic Seaq, notably in the area of reporting of trading volume, so the exact size of business transacted in London is still unclose.

tional Stock Exchange in Lon-

The guess is that, at present, two-thirds of it is being handled by other firms located in Lon-

Information will improve with the spread of voluntary report-ing procedures through more and more national sectors, and eventually with the controls which must apply when the full provisions of the Financial Ser-

provisions of the Frinancial Services Act come into force.

Several different kinds of business are transacted through Seaq International. Some of the trading in leading Japanese, Australian and American stocks

Australian and American stocks can be defined as part of the global equity market. That is, it is being handled outside the working hours of the markets in the relevant countries.

The Japanese sector is the most important here, perhaps because Tokyo stocks are otherwise more or less inaccessible to investors in the European time zone during working hours (normally orders have to be placed overnight in Tokyo).

So Japanese equities accounted for 21 per cent of Seaq International turnover in the January-June period this year, far outstripping the 8 per cent represented by US equities, which can be traded directly in New York in the afternoon. Australian equities are also countries.

York in the afternoon. Austra-lian equities are also surpris-ingly significant, at 6 per cent of the business transacted in the first half of the year.

The other main category of the business is parallel trading of continental (and South African) stocks within the same time zone as the national markets. It may take place in London because, in some circumstances, bisser plocks can be

There is a particularly active market in Swedish equities in London, helped by the high turnover tax of 2 per cent imposed on Stockholm transactions.

tions.

An important feature of the Seaq International market isthat it provides high liquidity in the heavily traded stocks. The average size of deals in German stocks in London is £150,000, compared with only £20,000 on the Frankfurt market. On the

other hand, markets in secondline stocks may well be rather nominal in London.
Over in the US, trading of in-

ternational equities is not nearly so important in comparative terms, that is, relative to domes-tic business. But the New York Stock Exchange has been eager by courting overseas listings, as indeed has the over-the-counter market Nasdaq, and the num-ber of foreign stocks available in ADR (American Depository Receipt) form has been growing

fast. On the NYSE, trading in 1966 in 23 ADRs and 45 overseas stocks amounted to \$70.8bn, about 5 per cent of total equity trading. No doubt this business will show a substantial increase

As for Nasdaq, there was trading in 88 ADRs and 178 foreign securities, albeit mostly of smaller capitalisation than those traded on the Big Board. Volume was \$24.95n, or 6.6 per sector the text.

For comparison, £1bn of daily spoud to something of the order thomal Stock Exchange in London suggested daily turnover in the UK capital of the order of the UK capital of the order of the UK capital of the order of the UK capital of the order of the UK capital of the order of the usy that London counts each bargain twice. So it that the UK capital two seasons all this trading than the NYSE and Naswas by London member firms.

The grees is that at present.

Incidentally, one sign of the continuity of the global market is that London has now started trading ADRs, even though these instruments are designed specially for American inves-

A handful of the top US investment banks are leading the global equity business. For instance, Merrill Lynch trades out of Tokyo, Hong Kong, London, New York and Toronto, with Singapore to follow before the end of the year. It runs 24-hour books in leading Japanese, Hong Kong, South African and Australian stocks, together with between 50 and 100 NYSE listed stocks and more than 100 US OTC stocks. OTC stocks.

OTC stocks.

Mr John Tognino, in charge of global equity trading for Merrill, sees the importance of the market as "giving the customer the ability to have instant liquidity any time of the day or night he wants it".

He admits that the global market is somewhat uncoveries.

he admits that the global market is somewhat unco-ordinated at present, with no common systems in place, and scant information. But he looks forward to improved visibility. I would welcome more disclosure about the market place clear around the world, he says. That breeds investor confidence.

Merrill is now concentrating much of its effort on putting new technology at the command of the trader, enhancing the firm's ability to link five global trading outlets. Not all US investment banks

time zone as the national markets. It may take place in London because, in some circumstances, bigger blocks can be handled, or perhaps because heavy transaction taxes can be have transa

a simpler operation.

According to Mr Freser Jennings, joint managing director of Prudential-Bache Capital Funding (Equities) in London, a selective approach is needed.

To adopt a universal approach to global trading has been a painful experience in some cases, he suggests. There are some stocks you can trade around the globe. There are others you can only trade when the home market is open.

The trading houses, he adds, tend to think that by trading stocks they create liquidity. The

stocks they create liquidity. The stocks they create liquidity. The more cautions Pru-Bache view is that you have to build up the distribution capability first.

Small bangs

Deregulate or risk being left behind

THE FEAR of remaining a reversed if there is some big re-backwater in the increasingly turn to protectionism and trade

What has resulted is called competitive deregulation, and it is led by the fear of being left leader, it has been a question of out of a luge and growing worldwide industry. High taxes on doing business, high fixed commissions encouraged by a protected cartel, archaic settlement procedures, all stand in the way of participation in the business, and the rationale is that they must be swept away.

It is a process that is seen continuing Mr Richard Wilson, executive director of corporate finance at Hoare Govett, says: "Competitive deregulation has gone so far that it will only be indeed to be a leader, it has been a question of changing to survive. In the stem "Big Bang" to describe the London liberalisation in the basiness, and the rationale is that they must be swept away.

It is a process that is seen continuing Mr Richard Wilson, executive director of corporate financial centre in continuing to survive. From June 30, any firm has been allowed to become a full sequentiate of the phrase "little bangs" to describe the liberalisation and the phrase "little bangs" to describe the liberalisation and the phrase "little bangs" to describe the liberalisation as naturally encourties firms.

From June 30, any firm has been taking one or setting up a nexisting is led by the fear of being left out of a huge and growing worldwide industry. High taxes on doing business, high fixed commissions encouraged by a protected cartel, archaic settle-ment procedures, all stand in the way of participation in the business, and the rationale is

backwater in the increasingly competitive financial market place is shaking off the cobwebs of stock exchanges around the world.

Encouraged by the trend among western governments to lift barriers to international flows and by advances in technology and communications, stock exchanges whose practices had hitherto often been unchanged for decades are in a tries was being transacted through London. It was not merely a matter of following a leader; it has been a question of

leader, it has been a question changing to survive.

The use of the term Big Bang to describe the London liberalisation has naturally encourbination of the phrase little securities dealer by acquiring securities dealer by acquiring an existing one or setting up a

how this deregulation is being handled in some important trol of Nesbitt Thomson, while Canadian Imperial Bank of Wontreal bought contained in Some important trol of Nesbitt Thomson, while Canadian Imperial Bank of Wontrease gradual-Canadian Imperial Bank of Wontrease gradual-Canadian Imperial Bank of Wontrease gradual-Canadian Imperial Bank of Wontrease gradual interpretation of its professional which committees the Life for which committees the Life for which committees the Life for which committees the Life for which can be supported by the work of the stockbrokers' ally end the stockbrokers' closed shop, allowing foreign ownership to increase gradual-life monophy in Committees the Life for which we will be supported by the stockbrokers' ally end the stockbrokers' closed shop, allowing foreign ownership to increase gradual-life many committees the world's fourth biggest equity market after the US, Japan and Britain, and the gradual liberalisation of its professional committees.

biggest equity market after the US, Japan and Britain, and the rento Dominion is building up its own securities arm.

Lie Bang end the traditional four pillars of the country's finite privatisation programme, it is pr rates are cut and foreigners allowed to trade.

bership from the present 93, probably by about 15, with the bulk of the new seats going to nancial industry - banks, trust is also stepping up efforts to becompanies, insurers and securicome the premier financial cenThat still leaves more funda-

per cent of Australian broking firms, after allowing 50 per cent ownership for more than two years. Links between Australian and foreign brokers are likely to become even firmer

cided with a deregulation of brokerage rates, which have more than halved since 1984. However, the recent report published by the Quality of Martinest Australian trading kets Committee of the internations of the order of the contract of t cided with a deregulation of brokerage rates, which have more than halved since 1984. ing into one entity, known as the Australian Stock Exchange

In the Netherlands, the Amsterdam Stock Exchange has launched a rolling Big Bang of its own, forced by London's rapid development as the share id development as the share trading capital of Europe. Unlike in London, a central trading floor is critical to the Amsterdam strategy. However, it has set up a special interprofessional market which by-passes the trading floor and has capped at FIL,200 the stamp duty that was driving business to the UK.

Stephen Fidler

This announcement appears as a matter of record only.

THE BANK OF NEW YORK

is pleased to announce the establishment of a

SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY

United Newspapers plc Nasdaq Symbol: UNEWY



For further information regarding The Bank of New York's ADR Services, please contact Joseph Velli in New York (212) 530-2321, Michael Cole-Fontayn in London (01) 626-2555.

This announcement appears as a matter of record only.

THE BANK OF NEW YORK

is pleased to announce the establishment of a

SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY

for

GLAXO HOLDINGS p.l.c.



For further information regarding The Bank of New York's ADR Services, please contact Joseph Velli in New York (212) 530-2321, Michael Cole-Fontayn in London (01) 626-2555.

Globalisation has quickened life in trading rooms: FT writers report from two of them... Clare Pearson in London...

Leaping ahead on a nice greasy breakfast

IT WAS midday on September 30 at SRCI Savory Milln, the London market maker which specialises in trading in conti-nental stocks. Most of the dealers had had a quiet morning.

Yet behind the placid scene for London First, it means that lay the revolution in internalitional share dealing that has off-exchange trading at 8.00am, not only enabled houses like continental dealers reach their SBCI Savory Milln to deal in 300

SBCI Savory Milln to deal in 300 desks about an hour later, so European shares but, in some they are left waiting, nervously. Second, dealers in the West form arket.

Savory made an early drive to get into European share trading when continental markets were deregulated two and a half ago-Hugh Hughes, now managing director, brought a team of market makers from Wedd Durlacher, the jobbers, to set up an international dealership in market trading ahead of the April 1985. This year, its acquisition by Swiss Bank Corporation international has provided it with a greater capacity to extend its trading operations. It intends to start a market making operation in New York, which will be able to continue. ing operation in New York, which will be able to continue trading the books after the close of London business.

Meanwhile, the competition in London has been hotting up considerably as new players - especially the US houses - have built up their trading capacity in European shares. Currently there can be as many as 18 London market makers evening

don market makers quoting prices on Seaq International screens introduced at Big Bang. Savory's dealers start the day with a hearty breakfast supplied by the firm at 7.30am ("nice and greasy", as one dealer described it). After this, they listen to the morning meeting, at which the analysis set the at which the analysts set the tone for the day's dealings. keeping up with the markets is said Richard Lilley, the dealer ket as overall international in-

alleviated by the fact that UK clocks run an hour behind those on the continent. For a few weeks at the end of September and during October, however.

European time runs in tandem.
This has two disadvantages desks about an hour later, so

In Scandinavian shares, how-ever, London is almost always the main focus of business. In the case of Sweden this reflects the imposition last summer by the Swedish Government of a 1 per cent turnover tax, which has virtually priced the domestic stockbrokers out of the market. Now the Norwegians look likely to impose a similar measure in

their next budget.
Shares of leading Swedish companies have also become actively traded in New York in American Depository Receipt form, although the US generally plays second string to London, with ADRs - which are traded interchangeably with the Seaq stocks - generally picking up the prices already established by the London market makers durthe London market makers dur-

responsible for trading Scandinavian shares, he was having to sharp fall in West German share keep more of an eye out for

en on Electrolux caused a sharp upward movement in the Swedish kroner-quoted price. The Seag-market makers quickly adjusted their dollar-quoted prices.

Here it has become easy for the London market makers to establish a lead over the "anti-quated Norwegian stock mar-ket". There, prices are fixed just

ket. There, prices are fixed just once a day at 10.30 (Norwegian time) in an open outcry auction, and they do little more than reflect the levels already established by the London market makers, and transmitted into the Reuters system.

In the Norwegian stocks, too, the opening of New York at 2.30 makes only a muted impact. For instance, in quiet trading on September 29, 162,000 Norsk Hydro bearer free shares had changed hands in London, compared with 31,000 Norsk Hydro ADRs in New York.

Covering the West German the different listings main Dutch stocks, such tween Royal Dutch Shell, for instance, or the outliever.

But perhaps the real on this day was happen the French desk: selling the prices were hit by condon sees about 25 profession of the total Paris stocks.

Covering the West German ector, however, demands greatsector, nowever, demanus great-er attention to the goings-on in the domestic markets. As Mr Nick Collings, head of Europe-an trading, who is also responsi-ble for trading in the sector said: There are eight stock ex-changes in West Germany, and we have to monitor four of them we have to monitor four of them during stock exchange hours." And this year, London price movements have more than ev-er followed the domestic mar-

what was going on in Sweden
than was normal, as investors in
sists of keeping a constant eye
other areas were fairly quiescent.
Mid-morning, news of a bullish newspaper report in Swednewspaper report in Swedand West German stock exchange volume is transacted. On this particular day, however, there was little going on apart from some movements among the stocks of chemical compa-nies such as Bayer.

The Norwegian market "which has really come to life over the last six months" - was occupying more of his attention, however.

The Norwegian market By contrast, Mr Stephen Probert, who deals in Netherlands shares, has to be most on his occupying more of his attention, however. in New York and are often used in the US as part of computer

in the US as part of computer-ised buy and sell orders.

London-based business often consists of arbitraging between the different listings of the main Dutch stocks, such as between Royal Dutch Shell and Shell, for instance, or the vari-

But perhaps the real action on this day was happening on the French desk: selling was bond prices were hit by concern that French interest rates would have to rise to protect the

currency.

London sees about 25 per cent
of the total Paris stock exchange volume in the 23 stocks that are quoted on Seaq, with the business dominated by UK houses rather than US.

The Seaq market makers are allowed to pack up quoting firm prices on the screens at 3.30pm. However, they generally stay till 6.00, dealing in other shares and carrying out orders on behalf of US and other clients. After that, one dealer makes himself available for dealing from home until Wall Street closes at 9.00pm (London time).

DUNCAN M I L TOKYO STOCK WORKING DAY- TOKYO **EXCHANGE** • 9 am to 11 am • 1 pm to 3 pm (midnight to 6 am GMT) WOAKING DAY-NEW YORK WORKING LONDON **NEW YORK** STOCK EXCHANGE **EXCHANGE** 9.30 am to 4 pm (2.30 pm to 9 pm GMT) 9 am to 3.30 pm

...and **Anatole Kaletsky** in New York

Passing their book round the world

SEVEN IN the morning is a qui-et time by the standards of Mor-opened or closed. Immediately The traders, meanwhile, st

being placed between gulps of weak American coffee and sticky morsels of donut.

Talking to their counterparts in Morgan's London office is the first order of business for each of the 10 international equity or the 10 international equity traders. The purpose of the ear-ly morning phone calls is not only to learn about the market action - the main event today is a rumour from Hong Kong that Jardine Holdings has bought a big stake in Bear Steams - but olg stake in Bear Stearns - our also to prepare for the handov-er of the European and Far Eastern equity books from Lon-don to New York.

ers' honuses - are calculated for the firm's entire international dealing operation, treating all of the desks and traders as a single profit-centre and organisational unit, regardless of whether they happen to be lo-cated in London, Tokyo or New

This is one reason why deals and dealers - move smoothly from one centre to another. Chuck Geeson, who is in charge of the international desk today,

The mood in the meeting is actually lives off Sloane Square in London. Along with David Williams, an Englishman whose

sponsibility and personnel recent trading, seems to contribute to the camaraderie among the traders. These seem to be young people fered in the Japanese market by Gesson, at 30 is the oldest person on the desk - who work well together, have fun together and business. The rival bank was share in one another's triumphs handling an ADR issue for Tok-

Over on the US equity desks what older, and maybe more hard-bitten. One of the few peo-ple already hard at work there ple already hard at work there is Bob Grohskopf, an intellectual-looking and articulate young issue in New York this morning man, whose task it is to trade in Immediately after the general New York for Morgan Stanley's strategy conference, the inter-international book of US equi-national traders huddle off in

for clients, but to ensure that ing meetings over, the four sales the positions the firm requires traders get down to work in ear-to trade in US equities in other nest, plying the institutions

prices for Morgan Stanley's overseas clients, particularly those in Japan - as well as making trading profits for the firm.

Worldwide sharing of responsibility and personnel seems to contribute to the traders' camaraderie

"We don't try to compete with the Japanese brokers in straight capital," he says. "But don to New York.

Morgan Stanley has gone farther than many firms in pursumer we can add value with better information. All of its international equity dealings are organised into one book, which is passed every day from Tokyo to London to New York, and then back to Tokyo as each market opens and closes. The profits and losses - as well as the traders of the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow, you can do the information flow in the floor and the particular information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and execution. The paper we can add value with better information and exe in overnight trading, since there are long periods with no liquidity. But if you're on top of the information flow, you can do

the information flow, you can do very well."

By 7.45 the first batch of international phone calls is completed. The senior traders are prepared for the early morning's main event - the daily trading strategy meeting conducted at eight o'clock sharp by Anson Beard, the head of Morgan Stanber's entire county operations.

The mood in the meeting is distinctly bearish. Interest rates are still rising around the world and the technical ananormal job is to trade UK equities from London, Geeson is spending a few days in New York, while their New York while their New York based counterparts do their normal jobs in Morgan's London office.

They predict steady buying interest today, but warn that much of this will be window dressing for the end of the quarter. They use nervous phrases like from the counterparts of the coun don office. like "weird stuff" and "off the The worldwide sharing of re- wall to describe the feel of the

There is some merriment all round about a minor fiasco sufone of Morgan Stanley's arch-ri-vals in the international equity yo Marine & Fire. The pricing was to be set on the stock's close which dominate the dealing in the Tokyo market. But some-room, the personnel look some what older, and maybe more then dumped them. There was a large imbalance of sell order at

their own meeting. Each de-Like the dealers in foreign scribes his or her own market. Grohskopf shares re- and highlights a couple of sponsibility for his book with a stocks in which the firm has a counterpart in Tokyo and one in position, a special interest or a London. His job is not to deal particular view. With the morn-

et time by the standards of Morgan Stanley's enormous Hoor-through dealing room, which occupies nearly a whole city block, levitated 23 floors up above the Rockefeller Centre in mid-town Manhattan.

But on the international desk in the eastern wing of the pavilion, the excrems are already flickering, and phone are already in the other time zones, Grobsturn on arbitrage. Most of the arbitrage business must wait, however, until 9.30, when the New York Stock Exchange officially opens. As an NYSE member form Morsan Stopley can. not trade in listed ADRs outside

> As 9.30 approaches, the mur-mur in the room bullds up in a tense crescendo. The moment is gments by Don Crooks, a soft spoken but intense black belt karate master in his forties, who is the senior block trader on the US equity desk. Crooks is the most important person in the room apart from Anson Beard, who paces solemnly around the desks, chomping the obligatory

Bear Stearns will open follow-ing the rumour about the Jar-dine stake. Crooks has told one dine stake. Crooks has told one of his junior dealers to try and open the stock in Boston, ahead of the first trade in New York. Then, just before the opening bell, a statement flashes across the huge electronic ticker. Trading in Bear Stearns is suspended, a company announcement is pending. No member firm can trade the stock until dissemination of the

news is complete.

The disappointment on the desk is palpable. There are no other special situations for Crooks and his colleagues to get excited about, and the market opens quietly with just a trickle of orders. Like the dealers on the international desks. Crooks starts to prod listlessly at the quote machine, looking for the odd trading turn in Newmont Mining or another takeover

desk, at the international desk, trading is flat around the world. When a big order comes in for any market, all of the traders appear excited. Well after the New York market has opened, First Boston offers the Tokyo Marine & Fire ADRs. The price, to the delight of Joe Jangro, the Japanese equity trader, is 24 per cent below the last trade in Tokyo. Jangro considers taking a position. He had discussed the situation at five o'clock that morning in his regu o'clock that morning in his regular phone conference with his counterparts in Tokyo and London. In the end, however, he de cides against a big play. The New York market in Japanese ADRs is highly illiquid at pres ent because of the currency risk, he notes. There is no point in sticking his neck out on this

on the other side of the desk, among the sales traders. David Colins, a dapper Australian who is unusual in the Morgan set-up because he combines the sales and trading functions in the Aussie market, has struck a big deal. A seller has come to him with an offer of one million

Continued on page 6

WHEN THE TIDE GOES OUT AT SANTA MONICA, WILL THE BOAT COME IN INSEOUL? HENDERSON WILL KNOW.

One of these days, someone somewhere will find an inexpensive way to

When that happens, California might export kelp to South Korea, where it could be used to produce plastic vital to that country's thriving electronics industry.

Cheaper plastics in South Korea would affect electronics in Japan, which would in turn affect the yen ... and so on.

The point is that anything anywhere can affect anything anywhere. That's why successful international investment demands a steady eye on fluid market relationships. And a clear global perspective.

Henderson's team of specialists have the skill and the network to examine and evaluate virtually every world equity and currency market. And we're always in touch with each other. Across the world and across

The result is a continual exchange of information and ideas focused on

the long term. Henderson's outstanding track record spans 50 successful years, with over \$10 billion currently under management.

Henderson's world-wide, world-wise professionals are ready to work for you. For details call Colin Day on London (44-1) 638 5757. Or write to him at 3 Finsbury Avenue, London EC2M 2PA.





16

Dilution provokes a revolt

ket, until recently a small subleant into the centre of the debate about the nature of the international equity market this

Equity-linked bonds had from financing needs of multination-time to time been fashionable al corporations. An internation-Equity-linked bonds had from as an apparently cheap way for companies to raise finance. By broader, should be more stable. offering the equity "kicker" - a chance to convert from bonds into shares at a profit - corporations and thereby their domestic sharetions were able to offer lower holders.

ternational equity market, and ed by these arguments. If inter-some of the overseas securities national investors want to buy houses have been eager to at-tract corporate customers by of-to do so via the existing second-

tions is that such issues are a fees, commissions and expenses challenge to their pre-emptive offering them cheap shares rights to any new shares offered through an equity convertible. by companies. They argue that, Neverthless, a spate of com-

Against that, companies and securities houses argue that individual equity markets are too small to be able to handle the financing needs of multipatters. al equity base, by being much broader, should be more stable.

tions were able to offer lower coupons on such issues. The immediate effect of reduced interest costs was a tempting benefit; the hidden costs in terms of dilution for existing shareholders were harder to measure, and thus easier to ignore.

But it was that dilution effect that eventually provoked a revolt from UK institutions this year. Part of the rationale behind "Big Bang" was to allow London to become part of an international equity market, and

fering to manage equity-linked ary markets. Companies should encourage them to do so, say the institutions, rather than incur offering them cheap shares

Unlike convertibles, warrant by companies. They argue that. Neverthless, a spate of com-as shareholders are the owners panies issued Euroconvertibles to attract long term overseas eq-

of shares issued without pre-emption rights to 2.5 per cent of

the equity, down from the previ-

ous limit of 6.67 per cent.
Hillsown Holdings sidestepped the rules by issuing a £125m

convertible in July as a vendor placing for the purchase of Ma-ple Leaf Mills. Otherwise the

flood of convertibles from UK

companies has dried up. But, fortunately for the equity con-

vertible market, issuers are not confined to the UK. The Japa-

nese have dominated the mar-ket in recent years - with equity

warrant issues proving much more popular than convert-

In recent months, by issuing warrant-linked issues denomi-

nated in dollars and then swap-ping the proceeds into yen, some Japanese issuers have

funds at negative interest rates, that is, they are effectively

earning interest by borrowing

Japanese issuers have

able to gain access to

of companies, they should not earlier this year - including uity investors. The warrants are have their holdings diluted three, ASDA.MFI, Burton commonly detached from the without compensating benefits. Group and Tesco - which topped host bonds and become a highly geared option on the company's share price. In periods when the Japanese stock market is sharply rlaing, the warrants can thus be controlled the start of the sta

thus be extremely profitable -leading to the virtuous circle of issuer and investor enthusiasm for the instruments

Euromoney, the banking magazine, estimates that the total value of warrant-linked issues in 1986 was \$15.13bn, compared with \$6.63bn of convertibles. However, in the summer, a combination of a surfeit of issues and a flagging Tokyo stock market led to a poor reception for many horses.

Three Japanese securities firms, led by Nomura Interna-tional, attempted to restore or-der by calling an informal moratorium on new issues but Nikko continued to test the mar-ket - and the others were forced to resume issuing.
But the hiatus in the market

illustrated how much it de-pends on rising equities - and suggests that equity-linked bonds will not be a feasible fund-raising option for compa-nies in a prolonged bear mar-

Euro-equities

Adapting to new risks

WHILE EUROBOND issuance is company will then conduct a seon the wane, the Euro-equity
market is booming - new issues
ran to \$10.95bn in the first nine
months of this year, against
\$11bn for 1986, itself up from
\$4bn in 1985.

Beyond that, a myriad of solustore in the same clients when soliciting
interest in the issue.
It is also argued that the restore in 1985.

Beyond that, a myriad of solustore in 1985 and itself up from
store in the issue.
It is also argued that the restore in the issue.

It is also argued that the restore in the issue.

It is also argued that the restore in the issue.

It is also argued that the restore in the issue.

It is also argued that the restore in the issue.

\$4bn in 1985. Its evolution has been dominated by debates among issuing problem of how to construct the houses about how to adapt in- group of banks which will unternational distribution and un-

ternational distribution and underwriting procedures, learned they essentially split into two in the Eurobond market, to the more risky and fragmented equity markets.

Issuing shares is a more sensitive undertaking than issuing debt, because, while bonds are individual commodities, a new selling in each domestic market share is fungible with all others is best achieved by appointing a outstanding. So if anything goes leading domestic bank and given

provisionally agreed to underents; write a portion, to build a book. They should be familiar with of client interest over a period the local laws and regulations, lof some two to three weeks. The as well as the practices of their

tions have been produced to the group of banks which will un-dertake the sales. However,

share is fungible with all others is dest achieved by appointing a outstanding. So if anything goes leading domestic bank and givamiss in the issue, the entire ing them exclusive rights to disequity base of a company can be tribute in that area. Hard-line advocates of the global approach, on the other hand, take run when launching an international comits issued where under should be run without continuous.

The risks that underwriters run when launching an international equity issue were under lined by the now fabled debacle associated with the \$2.2bn Fiat issue led by Dentsche Bank in September last year.

Among other problems, underwriters were left in the dark advocates of the regional approach whether the dollar-denominated shares could be traded interchangeably with the lira shares quoted in Milan; er than its depth in any partications, have championed lesmen to sell the shares, many the global approach.

and some houses used bond salesmen to sell the shares, many
of whom approached the same
investors quoting different
prices, contributing to a sharp
fall in the share price.

There are, however, some
straightforward ways in which
Eurobond syndication techniques have been adapted to
Euro-equity issues - essentially
involving the extension of the
syndication time and leaving
the pricing open.

Janually, a preliminary prospectus is published and used by a group of banks, who have quirements of their local cli-

reducing "flow-back" of shares to their country of origin, since a localised lead-manager should be able to make sure there will be a continuous secondary market and provide in-formation on the issuer's activi-

Against this, enthusiasts for the "global" approach argue that strict geographical dividing lines cause shares to be allo-cated according to underwriting cated according to underwriting responsibility, rather than in response to demand, which may be greater or smaller than was initially anticipated.

As Mr Bob Steel, of Goldman Sachs International, says: "Underwriting's a less difficult task than distribution. It's selling that's the tricky part, and that's why it's essential to maintain

why it's essential to maintain flexibility over allocations and selling restrictions."

It is also argued that, where the "global" lead-manager has a reach across different markets, lack of geographical sales restrictions allows recycling of shares to be carried out within the lead manager's distribution the lead-manager's distribution system, reducing the number of shares being sold back into the issuer's country of origin.

However, over the last year a hybrid syndication system, unit-ing different aspects of both the regional and global approaches, has emerged - a development which has spawned a new term, global co-ordinator, for the ·lead-manager's role.

Here, different lead managers and underwriting syndicates are set up for each of the re-gions, but one house (probably acting as lead-manager in one of the regions) has an overall controlling role.

A prominent example of this form of syndication has been the \$500m issue for Philips, the Dutch electronics group, launched last May. Here, a global co-ordinator, Credit Suisse First Boston appointed four different lead-managers with regional responsibilities, but allowed them to shift shares

between areas. There have also been numer ous examples of issues partially segmented into different regions. For instance, in the case of the French privatisations, teams covering the UK. Switzer-land and German have been organised separately with the re-mainder thrown into a rest of

the world tranche.
As crucial as effective initial distribution is, of course, after-sales services - a major problem of some of the early internation-al issues was that investors were swamped with information on a company at the time of issue and then heard no more

So, far more than in the Euro bond market, the houses that are expected to gain ground in the Euro-equity market are those who exemplify what Mr Steel calls the 'holy trinity' of research, sales and trading. At the moment, however, it is thought a large number of firms are still using bond salesmen to distribute new Euro-equity is-

For this reason, in addition to the far greater risks associated with holding equities, the number of players in the Euro-equity market is unlikely to mush-room as it has in the Eurobond

market Euro-equity specialists say about five houses currently control 50 per cent of the business, while the number of significant' players totals only per-haps 12.

Clare Pearson

Passing a book round the world

by the standards of this stock equivalent to an average month's trading volume, accord-

Colins buys all the million shares on offer. Five minutes and one phone calls has dis-posed of half - a fund manager he happened to be lunching with the week before had expressed strong interest in the company. As for the rest of the stock, Colins says he would be happy to carry it on his book for up to six weeks if necessary. He is comfortable with the price he paid and pleased to further his reputation as the biggest overseas dealer in the Australian

The Seag market in London is good for 10,000 shares of most

shares in a second-line Austra. Australian companies," he says. But we have the niche for any-one who wants to buy in size outside market hours. For them, we are the market."

Soon after Colins' coup, the ticker flashes news from Bear steker flashes news from Bear Stearns. The rumours were true Jardine Holdings is buying 20 per cent at \$23 a share. But hopes of a big flurry in either company's shares are disap-pointed. Over on the US desk, Don Crooks opens Bear Stearns at \$2114. On the international desk, there still isn't much in-terest in Juriline stock terest in Jardine stock.

As the day stretches on, the traders become alternately restless, playful and philosophical. Why is it that the highest-flying MBAs who apply to join Morgan Stanley now want to go

into international equity trad-ing?" muses Bobbie Ward, who By the tim ing?" muses Bobbie Ward, who deals in several European markets. The job is tough and hours are intense, but at least they're not too long. "I don't have a bleeper on my belt when I go out to dinner, like the mergers and acquisiton guys, and nobody calls me back from a vacation in the Caribbean." tion in the Caribbean."

As lunchtime approaches, the sandwiches and hot dogs come up from the cafeteria on the 30th floor. Despite the lack of action in the markets, none of the traders feels free to walk out for a leisurely lunch. Instead coffee and ketchup get spilled, in the hideously overcrowded conditions, over the ti-ny scraps of paper on which the traders calculate their prices and put together multi-million

By the time the hot dogs are eaten, Europe has sone home eaten, Europe has gone home and Tokyo is fast asleep. On a dramatic day, this is when the New York market for international equities, might really come into its own. On the Sep-tember 30, though, even the market for US stocks is dead as

As was predicted in the morn ing meeting, much of the vol-ume of 182,000 shares seems to be programme trading - a con-jecture confirmed by the simul-taneous repeated blinking of all the major stocks on the Quotron screens just seconds before the closing bell. Since it is no fun to banter with a computer, there is little left for the traders to do but gossip, tell jokes and throw paper balls.

New issues

Europeans set the pace

NEW ISSUES of international have taken most advantage of equity have recketed in recent years, taking advantage of a bull market in shares, and developments such as privatisation and a widespread dismantling of barriers to capital flows.

According to figures compiled have taken most advantage of fusal for new share offerings, suggesting that new share issues overseas are a fad hoisted on corporate treasurers by slick investment bankers.

The UK institututions have all provided significant new issue remains unplaced: First said last month that Deutsche still the secondary market in the secondary market in the secondary market pushed the share price sharply lower and caused the archaic Italian market pushed the share suggesting that new share is use overseas are a fad hoisted in vertical talian market pushed the share price sharply lower and caused the archaic Italian share settlement system to grind almost to a investment bankers.

A large proportion of the issue remains unplaced: First said last month that Deutsche still the archaic Italian share settlement approached the share price sharply lower and caused the archaic Italian market pushed the share issues.

The UK institututions have argued that a foreign share
tal issue volume in 1986 of \$33.4bn, of which \$11.8bn was

nies were sold around the world in 1966. The 1987 figure is ex-pected to exceed \$31bn, while it is forecast to grow almost to \$50bn each in 1988 and 1989. So far, Japanese companies have preferred to issue the eq-uity in the form of warrants at-tached to bonds, with foreign exchange swaps making them

growing momentum from priva-tisations: some \$26bn of shares in government-owned companies were sold around the world

tached to bonds, with foreign of exchange swaps making them the value of international share an extremely cheap source of issues. Unenamoured of the funds. Those Japanese companies, such as banks, which are prohibited from issuing equity warrants prefer the convertibles market. It has been European companies which so far owners, on the right of first re-

though their use of the market multiplied tenfold in 1986 on an even larger number of share offerings by US companies car-ried an international tranche. This issuer profile has given a lead in the market to European

banks and securities houses. Deutsche Bank, Lazards, Credit Beutsche Bank, Lazards, Crent, Suisse First Boston, Dresdner, Paribas and Warburg all have significant positions in the market for issuing straight equity. After lagging at first, the American firms are fast catching up.

Not everybody is convinced of the wells of international charges.

According to figures compiled 'sue volume in the international by Euromoney, the first nine market. So has the UK, though the secondary market, in the months of 1987 saw the volume of equity-related issues rise almost to \$36bn. Nearly \$11bn was of straight equity and the rest was made up of convertible was made up of convertible which they see diluting their own stake in a company.

This already exceeded the tovn stake in a company.

Way seems to be through new share issues, because most inseen slower to enter the fray, stitutions will not commit to a block of it. To acquire such a block of a small company in the secondary market often merely succeeds in driving up the

> ideas about how it should be run have begun to crystallise. Last year's \$2.2bn offering of Fi-at shares - not strictly a new issue but a secondary offering of shares in the company owned by Libya - through Deutsche Bank displayed the perils of

> getting it wrong.
>
> The Fiat issue not only underlined the limits to the market's ability to absorb international equity placements, but also the ultimate dependence of all those placements on the domestic market. The dreaded "flow-back" of those Fiat shares to the

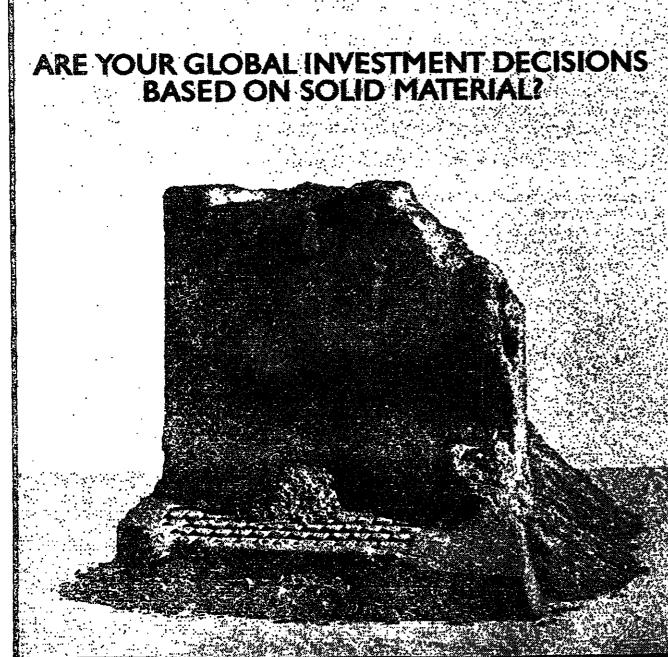
had \$550m of Fiat shares on its books.

The lessons of Fiat may have been learned, but the problems of flowback have not been com-

pletely cured, Mr David Rochester, manag-ing director at Merrill Lynch. flowback is to make sure the shares are in firm hands. That's why the emphasis is on those firms who have real distribu-tion capability. That, however, is easier said than done.

Foreign share offerings world best when an overseas market places a higher valuation on a company than a domestic mar-ket, as these relative valuations are adjusted shares will flow back. As Mr James McClaren, vice-president of Goldman Sachs International, told a recent conference in London; Some reflow is inevitable in these situations, and it is a mis-take to think that the flow of shares can only move in one di-rection ... Ultimately it can't, or you get 100 per cent in one mar-ket.*

Stephen Fidler



When you're managing an international portfolio, you can't afford one grain of doubt about your data.

You need it to be rock-hard. At Datastream we cover all the major investment markets in depth - matching fact with fact.

We offer multicurrency valuations with complete industrial and geographical breakdowns and per-

In fact, we supply all the facilities you need to manage your domestic and international investments.

today. Wherever you are. But we provide more than just research.

formance measurement. So if you want solid investment data, talk to us

Standard & Poor's Corporate Information Company

is pleased to announce the opening of its

European Headquarters

19 St. Swithin's Lane London, England ECAVISAD

(01) 623-3226

the appointment of

Ian Cumberpatch as General Manager, European Operations.

Standard & Poor's is the leading authority on U.S. based companies and maintains the Standard & Poor's 500 and other stock price indexes.

2 211/2

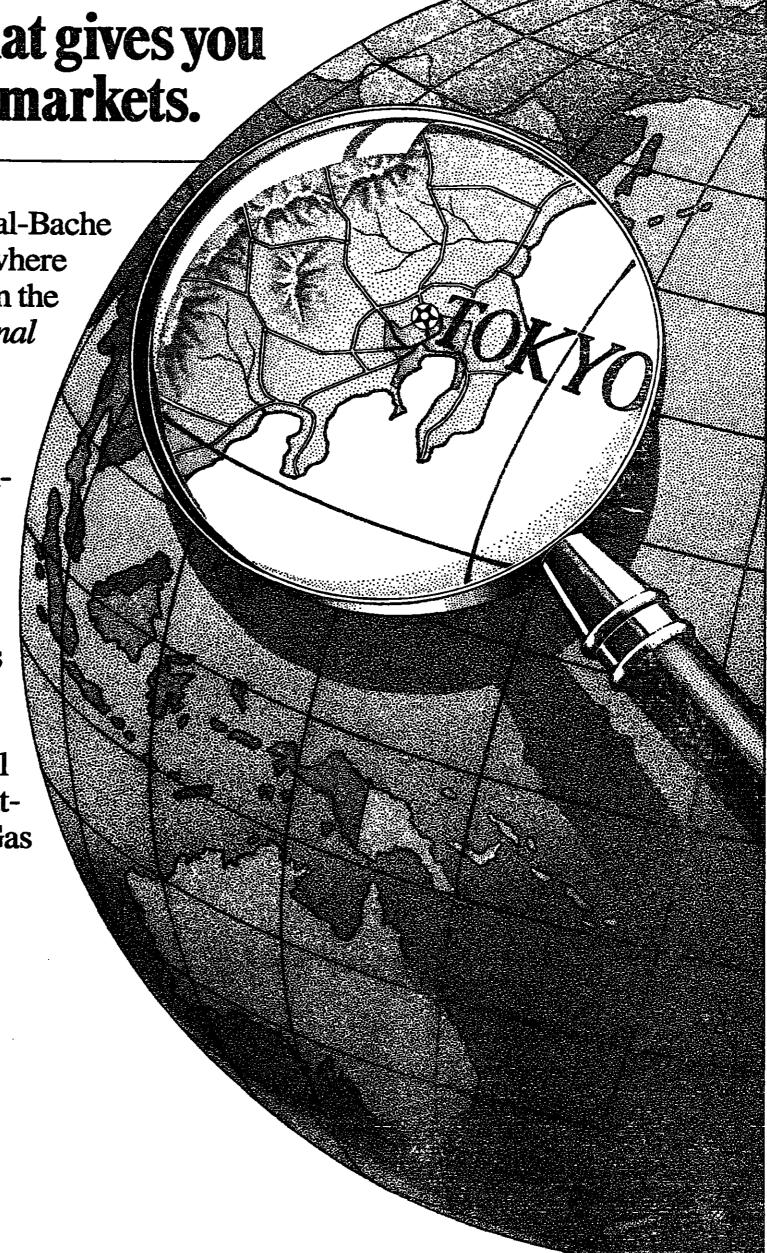
TELEPHONE: NEW YORK (212) 938 8699. LONDON (01) 250 3000. ROTTERDAM (10) 4 11 11 54. HONG KONG (5) 833 6555

The new name in global equities research is Prudential-Bache Capital Funding.

A unique approach that gives you a local look at global markets.

Unlike any other firm, Prudential-Bache Capital Funding recruits its analysts where they live and work around the world. In the last year alone, we added 13 *Institutional Investor* All-Star analysts to an expert corps of nearly 100 equity research specialists based in the U.S., Canada, U.K., Europe, the Far East and Australia, covering over 1,000 companies.

It's the kind of first-hand expertise in global equities markets that helped us lead manage a global offering of A\$ 750 million convertible notes for The News Corporation Limited of Australia, and led the British government to select Prudential-Bache Capital Funding as a U.S. manager of the privatization of British Telecom, of British Gas and of British Airways.



Prudential-Bache Capital Funding

Australia • Belgium • Canada • Finland • France • Germany • Holland • Hong Kong • Italy • Japan • Korea • Luxembourg • Singapore • Switzerland • United Kingdom • United States



Research

Shortcomings amid wider choice

OVER THE last year or so, investment banking houses have been pouring out an ever-in-bave made strides forward but that the job of analysis has gencreasing torrent of research material - seen as key ammunition in their struggle to gain an edge in the fiercely competitive busions share dealing ness of international share. This is because

dealing.
The US houses in particular have recently made a concerted and costly drive to build up research teams covering global-markets, presenting a new threat to the UK houses whose overseas research output was overseas research output was established some years earlier.

search material is widening by the day, fund managers still find significant shortcomings, both in terms of the subjects covered and the quality of

As far as geographical coverage goes, investment banks have focused on the continental markets as the most fruitful area for new research, while they have also been making a drive to cover the Tokyo market In contrast, the US and the UK have been seen as so wellworked over already that a new-comer would have little to add although the US houses have been unable to avoid covering London as part of their Europe-an work. Hong Kong was also already extensively analysed by London-based houses, notably

James Capel, the UK stockbro-

ker, and Security Pacific Hoare

tween Japanese and Anglo-Sax-

This is because the Tokyo market has been moving not on used to get were abysmal."
the valuation techniques northe valuation techniques normally used by western analysts. but on the buying decisions of their disposal.

As one fund manager said: Tapanese research seems to be lousy to our eyes, but on the oth-er hand it is likely to be right in the short-term, just because of the market muscle of the big securities houses. So, longer-term, US and European style re-

search tends to be irrelevant."
Nevertheless, many houses are still striving to get to grips with the Japanese market, even though this means incurring the considerable cost of hiring Jap-anese nationals. Morgan Stananese nationals. Morgan Stanley, for instance, has just recruited its first two Japanese analysts in Tokyo.

The European markets have

nd the European markets have and the European markets

been seen as providing greater opportunities, both because they are more accessible to US and UK analysts and because the quality of continental re-search - aside from that of some independent research compa-nies such as the French Atlantic Finance - has often proved

Global Analysis Systems

is pleased to announce the launch of the

GAS 100 International Equity Index.

For further information

please call 01-606 7060.

\$ CanBank Global Securities & CanBank Global Securities C\$ CanBank Global Securities DM

CanBank Global Securities

many houses' efforts have floun-dered on the "culture gap" be-try position, rather than as a career in itself as in the US and UK. As one fund manager said: Some of the translations we

ers, fearing loss of orders to the London market where many of the big Japanese securities the main continental stocks are houses, wielding the vast sums now quoted, have recently been of domestic savings they have at spurred into beefing up their

output.
The traditional line taken by the UK houses has been to use country specialists to cover con-tinental shares; more recently, however, they have been sup-plementing this by giving UK sector analysts responsibility for key European stocks as well.

The US houses stocks as well.

The US houses have followed
on from this approach, often
making it part of their more ambitious plans to cover companies on a sector by sector basis across country borders world-

ropean markets.
As in the Tokyo market, it can be hard to find the right calibre of national to research the con-

tinent from London, since analytical abilities have not traditionally been fostered in

nies, unused to searching questions from analysts, often prove

Meanwhile, the differences between European accounting conventions and those in the UK and the US can baffle the Anglo-Saxon analyst. As Mr Max Hopfi, head of Robert Fleming's International Portfolio Group, said: I don't believe any one has really got to grips with the banking and insurance sector properly yet."

Another approach to invest-ment research has been the at-World Index, jointly funded by tempt to provide broad strate- the Financial Times, Goldman gic advice on allocation of funds between different markets; a

the European markets. But it is mainly the US houses that have attempted to tackle are increasingly concerned the wider field of worldwide as- about the objectivity of re set allocation, aiming to pro-duce a true global strategy companies become more free product Morgan Stanley in New quently involved in internation.
York, for instance, employs a al capital raising activities, arworldwide investment analyst, ranged by London-based investment banks.
However, fund managers of-

Mr Barton Biggs.
However, fund managers often find this type of advice superficial. As Max Hopfl says:
Broadly, the US houses have operations, like Detroiyat and the best handle on how to de-However, since fund managers

dvice on currencies, for in-

or Phillips & Drew's economics research, can be combined with another firm's company or industry work

The main area in which fund managers see great improve-ments is quantitative research. Particularly noteworthy is Morgan Stanley's data base, Capital International Perspective which provides 60 indices range ing from global industries and individual markets to the world. However, Morgan Stanley now faces competition from ven-tures such as the FT-Actuaries

Objectivity of research material is clearly crucial to the investment banks, fearing loss of number of UK houses, such as markets; a number of UK houses, such as warburg and Morgan Grenfell, appear to have carved out reputations for themselves as providers of strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within of the strategic advice within or the strategic advice within the strategic advice within the strategic advice within the strategic advice with the strategic advice within the strat

inance activities.
Yet fund managers say they

the best handle on how to devise a strategy product but they salso have the least sensitivity to search with hard cash rather But fund managers say it is than by commissions, it would have to prove significantly susceptible to construct have to prove significantly subject of the strategy product, berior to that supplied else-by combining the strengths of where.

Clare Pearson



Analysis

Conflicts of value

RARELY IN the history of hu-man endeavour has so much an-alytical firepower been hurled nancial Accounting Standards with such intensity, and over Board in the US is about to give such a short time span, at a sin-cash-flow reporting a new regle development: the globalisa-tion of portfolio investment. standardised reporting for 1988 Yet one crucial aspect has annual reports. technique for valuing compa-

accounting standards, and other boundaries. Eventually, no doubt the

problem chewed over by the high for service industries and classical economists 200 years artificially low for manufacturago. For the time being it seldom ventures beyond the first seldom ventures and the first seldom ventures beyond the first seldom ventures and the first seldom ventures beyond the first seldom ventures and the first seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures and the first seldom ventures are seldom ventures elassical economics de la cations for market p/e's, as some rities houses' international rities houses' international economics have a higher concentration of capital intensive

pany is described as cheap compared with an Italian one, or, more commonly, the Japanese market is said to be "absurdly other market in the world, an unbearable weight is being placed on that flimsy tool the p ratio.
The "e" of the conventional p/e

but by entirely distinct princider is exactly reversed. We thus ples of company financial rehave the bizarre outcome of difporting. Crudely, the accounts ferent slugs of international porting. Crudely, the accounts ferent slugs of international of US and UK companies are dimoney rushing in opposite directed mainly at current and rections, driven by the same potential investors and thus tend to provide a realistic estimate of earnings (if not somewhat flattering especially dur-ing takeover booms). While German and Japanese accounts starts with the cash flow and are drawn up with the tax authorities in mind and conservatively understate earnings, thus tain the business. The obvious

investors have long been aware of these problems and have developed several alternative val-uation methods, such as divi-dend ratios or net assets to hare price. But the favourite is the cash earnings to share price tionalise their productive bases ratio (cash p/e), which adds back and harmonise their accounting to post-tax earnings non-cash items such as depreciation (and other provisions), so limiting liarities in company and market the effects of cautious account-valuation based on the preju-

ly employed by domestic investors and corporate raiders in ought to be, reducible. For ex-

gone curiously under-debated. At the international level, That is the problem of value; cash p/e's have an added advan-how to establish an acceptable tage over the traditional kind in technique for valuing compa- accounting for differential in-nies and, indeed, whole mar- flation rates. However, they alkets, which takes account of dis-crepancies in taxation, straight p/e's they do not account for differing tax rates or peculiarities, across national the vagaries of extraordinary and exceptional items. Also, because the depreciation sum is

> less share prices adapt to take account of the new valuation tool, it will produce ratings that are simply the inverse of the This is well illustrated by applying the two systems to the prospective ratings of the main

has been dogged not just by nalowed by France, Switzerland, tional differences in, say, the W Germany and finally the UK; but by entirely distinct the same cash with the consolidation of subsidiaries, while, using each with the conventional presentation of subsidiaries. European markets: using tradiquest for undervalued markets.

A further refinement of the

cash p/e, the free cash flow mul-tiple, seeks to iron out some of these problems. Free cash flow difficulty here is that mainte-nance capital expenditure is an extremely complex and subjective thing to calculate. But even if analysts could agree on an efficient cross-border tool, and even if the world's dominant companies continue to internastandards, there are likely to remain irreducible national pecudices of the dominant, presum-ably domestic, investor base.

ample, Warburg Securities has recently pointed out that, be-cause most large Japanese companies are partly investment trusts (by virtue of their crossholdings), the standard esti-mates of market capitalisation are greatly exaggerated by dou-ble counting. In fact, because almost half the shares quoted in Tokyo are beneficially owned by other companies, the value of the market may be half its ap-

perent figure.

Applying the cash p/e formula
to Japan drags it down from the
usual level of around 60 to as little as 16. If double counting is then eliminated, Japan ends up on a lower cash p/e than the UK or the USA. Some of those fund or the USA. Some of those fund managers who took the costly decision to pull out of Japan last year, when it appeared to be running out of control (by traditional p/e valuations), must now be wishing somebody had persuaded them of the usefulness of this analysis.

Warburg's Japan analysis do not dare to follow their own logic and declare the market chesp. However, they do point out that the combination of inout that the combatish ma-vestment trust, property compa-ny and commercial business in most quoted companies, togeth-er with low inflation, conservative accounting and low pay out ratios, helps explain why Japanese companies still appear cheap in relation to their underlying asset values but very expensive in terms of published

arnings. The Cash p/e is becoming increasingly popular among inter-national investors; and the growing foreign exposure of Japanese, and especially US, investors will soon make it as familiar as the traditional ple. However, in the medium-term it may remain as useful within, as between, markets. That is because global sectorisation -picking the best companies in a sector regardless of their na-tional base - is still in its infan-

The majority of fund managers will continue to take a two-step approach to investment; first deciding which countries they wish to invest in on the basis of macro-economic indicators, and then picking the sector or stock. In that case the fact that traditional p/e ratios provide faulty cross-border information is not too worrying as long as they are a good guide to values within a market.

David Goodhart

Regulation in the UK

Grave doubts about the rule books

AST YEAR's Big Bang and the reform of the London securities market which followed trig-

ever attempted in an ancial centre.

Within the space of 12 months, an entire new regulatory superstructure has been created. But while this might sound like a portanity to harmonise regulation in two of the world's most major achievement, the exertion in two of the world's most important financial markets, though convergence may well

troversy, and even now it is doubtful how viable the new regulatory system will be. Cries that the new rule books will be far too burdensome and will drive business away from London are increasingly heard. There have even been calls for the resignation of Sir Kenneth Berrill, the chairman of the Securities and Investments Board (SIB), which is in overall charge

Much of the controversy ironically - stems from the de- tougher than elsewhere, but sire of both the City and the this is a judgment that is alsire of both the City and the Conservative government to avoid heavy-handed control of the UK financial services industry. The option of creating a SIB's and the Bank of England's responsibilities in cases where the securities dealers are tors-something along SEC lines was rejected. Instead, the UK reached is that the Bank will wanted to preserve the self-res-

cial centre in the past.

The basis of this rather novel approach is the SIB, a voluntary body, backed by powers delegated to it by the Department of Trade under the new Financial Services Act. The SIB, in turn, has authorised several self-regulatory organisations (SROs) to oversee particular activities, like securities dealing, investment management and life assurance.

banks are breaking the rules. This may not be a satisfactory arrangement since both the SIB and the Bank could now blame each other if a bank-owned equity dealing business gets into trouble. But neither side was poing to yield any turf.

As all these arrangements and rules have emerged, however, it has become evident that the original intention of pressurance.

surance.

The most important SRO for the equities business is The Securities Association (TSA) and the TSA were several which will be responsible for some 700 stock exchange members, and is chaired by Mr Andrew Layre an executive of duced an outcry.

use this opportunity to create minster Bank, has estimated the greater convergence between cost of implementation at over UK and US regulatory practice, £100m. Such as it is seeking with the Discontent has prompted Federal Reserve Board in bank-some SRO members to com-

powers. One major difference between the SIB and SEC rules, for example is that UK compareform of the London securities market which followed triggered the most comprehensive review of securities regulation ever attempted in a major financial centre.

Within the regres of 12 prouties

between the SIB and SEC rules, is where costs are only a traction of London's.

Mr John Quinton, the chairman of Barclays Bank, testifying the regressional committee, said: "It the suggest of the suggestion of

though convergence may well be achieved later. The capital adequacy rules for equities provide formulae for calculating the amount of capital backing needed for spe cific securities positions, based on the diversification of the firm's portfolio and the liquidi-ty of the stocks in it. They are highly complex, which makes them hard to compare with other countries'. The SIB claims that, on balance, they are no

was rejected instead, the UK reached is that the Bank will wanted to preserve the self-regulatory system based on voluntary observance of non-statutory codes which had made London such a successful financial centre in the past.

The was rejected instead, the UK reached is that the Bank will reached is the Bank will ensure that the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is that the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached is the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached it is presented in the Bank will reached in the Bank will reached it is presented in the Bank will reached in the Bank will

bers, and is chaired by Mr Andrew Large, an executive of Swiss Bank Corporation.

The rules produced by the SIB and the SROs concern proper business conduct and disciplinary procedures, and, in the case of firms who deal in securities, the capital requirements.

The Bank of England, which has played a major role in formulating the rules, was keen to ic adviser to the National Westure this opportunity to create minster Bank, has estimated the

ing regulation. It suggested that plain directly to Lord Young, the SIB adopt the SEC's capital the Secretary of State of Trade adequacy requirements straight and Industry who is altimately off.

But the SIB rejected this idea, partly because it believed the Some of their attacks focus spesifically on Sir Kenneth, who is dexible enough to cover the UK accused of excessive zeal. Many market, and partly no doubt because it wanted to assert its threat of packing their bags and

is where costs are only a frac- in the securities business, and

must not be forgotten that regu-lation is the servant of the fi-

ing on with its programme.

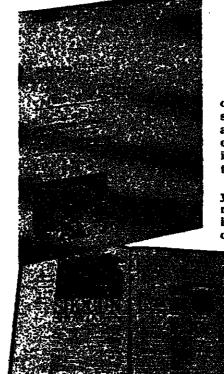
nancial system."

In October and November, the five major SROs should achieve complaints is that the costs will be outwelghed by the benefits books are approved, and they

bers to do business. From next January it wil be illegal to con-duct an investment business without authorisation. And then later next year various other provisions, such as criminal penalties and the launch of the compensation fund for investors who have lost money, come

David Lascelles

THE NEW VOICE OF WORLD EQUITIES



Are you involved in issuing, investing or dealing in equities or equity-linked securities? Do you make decisions concerning administration or management of your company's pension fund? Are you involved in the technical or support side of securities trading, global custody or data provision? If the answer to any of these questions is

yes — then welcome the launch of a new monthly publication dedicated to your interests: EQUITY INTERNATIONAL. Its coverage will be as global as the markets it serves - and as wide-ranging. The

voice of world equities, EQUITY INTERNATIONAL will reflect opinion as much as lead it. It will be serious, but never dull. It will save you money, and make you money. EQUITY INTERNATIONAL is the

forum for all professionals involved in the world's equity markets. To reserve your copy of our first issue, simply fill in the reply coupon with no obligation.

EQUITY INTERNATIONAL 16 Hatton Garden. 2nd floor London EXI SAT Telephone; 01-242 1002 Please send me my first issue of EQUITY INTERNATIONAL, FREE, WITH NO OBLIGATION.

NAME	RETURN TO:
JOB TITLE	16 Hatton Garden, 2nd floor London ECI 8AT
COMPANY	Tel: 01-242 1002
COMPANY ADDRESS	i confirm that I am involved/ associated with the international
COUNTRY_ZIP/POST CODE	rquities market

CanBank Global Securities as Canadian investments. Its data part of the Canadian Imperial reporting and management capa-Bank of Commerce, is founded on bilities are outstanding. CanBank Global Securities also repremore than a century of distinguished ents service excellence in US Securities CIBC, one of North America's top ten Services Eurobond Facilities, Global Custody, banks, has over C990 billion under custody. Securities Lending, Cash Management and We pride ourselves on being truly responsive Agency Services. to our customers' needs and distinctly inno-For further information contact Roy

Zimmerhansl or Clive Gande on 01 234 6000. vative in the services we offer. Our COMMISTAR system can provide ...we'll make you with an on-line, real time computer link into our Toronto operations centre for the world of difference



GLOBAL EQUITIES MARKETS 9

Barry Riley assesses the growth and uses of global indices

Chart makers jostle for top spot

AS MANY as four global equity indices are now competing for the attention of international investors, and more are in the pipeline, in a curious battle for status and prestige.
In the end, as is the way with

In the end, as is the way with indices, one will probably emerge as top dog. However, there could be room for one or two more in different niches, or to serve rather different purposes, just as the Dow Jones Industrial Average and the Standard and Poors Composite, not to mention the Wilshire 5000, co-exist as rather different measures of the US equity market. Countries such as Germany and Switzerland have seenbattles between rival indices sponsored by competing banks, which naturally are reluctant to use each others' products. Only this year a more neutral index has been launched in Switzerland in a bid to cool down and perhaps resolve that particular index war.

In the UK and the US, indices

In the UK and the US, indices have tended to be published by more neutral organisations in the field of information services, such as Dow Jones and the Financial Times, and they have not tended to generate

competitors.

A national index is relatively cheap to design, calculate and establish, and acts as a useful promotional tool for an organisation like the FT. A global index is a much more formidable undertaking technically and financially, however, and beingfor the short term, at least of only specialised interest, it is more difficult to justify the necessary outlay.

The longest-established global index series, the Capital International makes as published daily in the FT, a day in arrears) and have satisfied demand, despite in the FT, a day in arrears and have satisfied demand, despite in the FT, a day in arrears and have satisfied demand, despite in the FT, a day in arrears and have satisfied demand, despite in the FT. a day in arrears about certain technical features of this series.

The longest-established global index series, the Capital International, was originally developed as an internal exercise back in the 1960s by a Geneva subsidiary of the Capital Group, a low profile investment management group based in Los Angeles. It took on board many of the mathematical features of the spearance of a wave of competitors. One has been the great increase in cross-border ownership of equities in the past three years or so, especially among American institutional investors.

The world's equity markets National markets by capitalisation as a percentage of the world's total. 0.07 0.06 1.51 0.16 0.12 0.14 0.77 0.64 0.31 0.11 0.13 0.66 0.76 0.33 0.12 0.09 0.54 0.65 0.38 0.18 1,34 8.50 41.07 1.18 9.41 39.87 1.03 9.96 35.72 100.00

The Japanese equity market has taken a vastly more prominent place on the international stage in the past few years, thanks to the rise in Japanese prices and the strength of the yen. At one stage earlier this year, it actually overtook the US to be the lengest market by capitalisation in the world. The Pacific Basin as a whole has shown significant growth over the period, and now represents nearly two-fifths of the world index.

The other, which was no doubt linked to the first, was the decision by the New York-based investment bank Morgan-Stanley to buy the Capital International indices in 1986 from Capital Group.

The actual Group.

The actual Group is eligibled on the control of the

Capital Group.

The new owner insisted on renaming them the Morgan Stanley Capital International indices, thus introducing the branding problem which had af-flicted indices in Germany and Switzerland.

Very soon a number of other US investment banks with ambitions in the global equity market initiated plans to develop their own indees. In practice, they have tended to so into part. they have tended to go into partEuromoney. It takes in rather less than 1,300 stocks in 17 national markets.

The Salemon Russell Primary rket Index is the result of a

collaboration between Salomon Brothers and the Frank Russell Company, US pension fund con-sultants. The index is a combination of the existing Russell 1,000 Index, covering the US, and some 18 other national indi-ces (some smaller countries are grouped together) based upon 500 non-US constituents. Monthly data are to be published by Salomon. A satisfactory means of daily publication has not yet been arranged, although it is an objective.

Besides these four indices, at

Besides these four indices, at

least two more series are underleast two more series are under-stood to be in the process of de-velopment by two more US in-vestment banks, Shearson Lehman and Paine Webber. Indices may have a variety of functions. One is to provide a general indicator of the ups and downs of a stockmarket on a short-term view, probably fo-cusing on arelatively small number of leading stocks. An-other is to provide a yardstick for the measurement of portfo-lio performance

Still another is to provide the basis for a stock index future, so that investors can hedge their exposures according to their view of the market as a whole, while omplaints that the Capi-

The Mergan Stanley Capital International World Index covers 19 countries, for which there are separate indices; and there are other regional indices, of which the EAFE (Europe, Australia and Far East) is the most important. The MSCIWE represents in aggregate about 60 per cent of the capitalisation of the 19 national equity markets, and the World Index itself is based upon all 1.375 individual conable holdings such as the con-trolling stake held by the Hei-neken Foundation in Heineken.

The Salomon-Russell PMI in-dex focuses fairly narrowly up-on liquid, heavily traded stocks. Salomon also has plansfor a broader version called the Ex-tended Market Index, which would cover 80 per cent (rather than 65 per cent) of the capital-isation available to internation-al investors. The FT-Actuaries World Index is a joint compilation by the Fi-nancial Times, the US invest-ment bank Goldman, Sachs, and Mackenzie; in conjunction with the two UK actuarial bodies, the Institute of Actuaries, in London, and the Faculty of Actuaries, in Edinburgh. An extensive table of statistics is published in each day's FT, with later editions carrying the previous day's figures. This series includes 23 country indices, and the World Index is based upon 2,400 securities representing over 70 per cent of the overall capitalisation.

So far nobody has attempted to launch a global stock index futures contract. National stock index futures depend upon con-tinuously calculated indices which would be difficult to re-produce on a global basis across many time zones.

Passive management

Market hypothesis gains support

AFTER A slow start in the US during the 1970s, passive investment management techniques ment management techniques tracking an index.

has provided a complementary, or even a substitute, method of tracking an index.

man Sachs and Wood Mackenzie, has yet to make an impact on this growing market. have soared in popularity in several countries over the last three years. Their growth has been in response to three fac-

The most important has been the mounting academic evi-dence in support of the efficient market hypothesis. This states that securities, at least the more marketable ones, are consistently priced to reflect the best possible estimate of their eco-nomic value. Therefore it is very difficult for active investment managers to outperform stock market average returns consistently by spotting under-valued stocks.

In both the US and UK equity markets, an impressive volume of evidence in favour of the effi-cient market hypothesis has been accumulated, although a few studies have identified ex-ceptions in some circumceptions in some circum-stances. More limited evidence from east Asia suggests that there, too, equity markets are much more efficient than conventional wisdom assumed.

while omplaints that the Capital International indices have drawbacks for performance measurement. Accordingly the newer indices, such as the FT-Actuaries World Index and the Salomon-Russell PMI, embrace the concept of "investibility".

They adjust the weightings for stocks which foreigners are not allowed to buy freely (non-UK investors are not permitted to hold more than 15 per cent of Rolls-Royce, for example) and also take account of unavailable holdings such as the controlling stake held by the Heitmann assumed.

For the trustees and sponsors of pension funds, and others was have to appoint investment managers, the experience of the actual investment performance of their funds has had more effect than academic evidence. With the help of the sophisticated performance measurement services that are now commonly used, most have realised that their funds would have achieved higher returns if they had invested passively in a portfolio designed to match the returns on the relevant stock mar. turns on the relevant stock market index.

> The second factor has been the emergence of computer soft-ware packages which allow in-vestors to select a more concentrated portfolio of shares to match, within a small margin of error, the returns on a portfolio of all the shares making up the stock market index. This devel-opment has cut of the transactions costs incurred when pas-sive funds have to invest their cash flows, and to reinvest divi-dends, in all the constituents of an index. The development of of world stock market indices, futures and options contracts launched at the start of this on stock market indices in the US, UK, Japan and Hong Kong and the securities firms Gold-

The third factor has been the deregulation of financial markets, in particular the removal or reduction of minimum commissions on dealing in shares, a irend which began in New York in 1975. High commissions were typically justified by stockbrokers providing the investor with research services which inevitably were of no benefit to passive fund managers. In deregulated markets, however, passive fund can deal on tiny commissions or no commissions at all. Wells Fargo, the largest passive fund managers, with about \$60bn of assets under passive management is able to buy and sell most of the shares for its funds free of commission and at, or very close to, their midmarket prices. As a result, the funds' transactions costs approach zero. In fact, the managers are often able to make a net addition to the investment results. trend which began in New York addition to the investment re-turns of the fund, as a result of

In the US market at present, passively managed funds ac-count for an estimated 10 per cent of the value of equities. In the UK, where the market has only developed since 1984, approximately 3 per cent of listed shares by value are in passively managed funds. In Japan too, where the investment performance of the securities houses, insurance companies and trust larly poor, passively managed funds have begun to emerge over the last two years.

the stock lending fees they can

The next stage in the development of passive management is likely to be the emergence of international funds. In the US, the amount of money invested in internationally diversified funds has quadrupled over the last year to about \$5bn. Most of the funds are linked to the Morgan Stanley Capital International world index, or rather to a port-folio' of between nine and 16 different individual country stock market indices compiled by Morgan Stanley Capital In-ternational. An alternative set

Most US investors overseas aim to achieve a broad expo-sure to foreign stock markets in both Europe and East Asia, although some prefer one region or the other and some prefer to exclude the smaller foreign stock markets.

In the UK, a negligible pro-portion of money invested in overseas equity markets is man-aged on a passive basis, al-though such international funds are now being marketed by the two leaders in the passive man-agement field, Barclays de Zoete Wedd and County bank, a subsidiary of National West-

A more ambitious venture, to set up an internationally diver-sified passive investment trust, ended in failure last summer when insufficient investors sub-scribed, although that was part-ly as a result of the lack of track record and reputation of the managers, River and Mercan-

The lack of attraction of inter-pational index-matching funds may have a better founded rea-son. Few, if any, UK managers have demonstrated any skill in out-performing individual overseas stock markets, in fact over the last four years, most have fared extremely poorly in both the US and Japan. However, da-ta collected by the US-based pension fund consultants Frank Russell suggests that UK fund managers may have been able to add value by their asset allocation decisions between different currencies, countries, equi-ties and bonds.

This conclusion lacks the rigorous statistical backing of the efficient market studies. But it seems plausible to suggest that. nally efficient, markets may not be correctly priced with respect to each other, allowing the shrewd active manager to ex-ploit anomalies. Perhaps this demonstrates the potential for an investment house to offer a range of passively managed funds, one for each country which would allow active man agers to switch between them.



A paint lab in Slough, but to what extent is ICI a British company?

Fund management

Fewer controls, wider game

ty investment was primarily the preserve of institutions in small countries. Fund managers in Holland, Switzerland and Scotland looked abroad simply be-cause the domestic opportuni-

4 24:24

1112

ties were so limited.

But the phenomenon of the 1980s is that even US institutions are starting to take global investment seriously, though at this stage the foreign stock seg-ment remains a minor aspect of

American portfolios.
For investors in many countries, of course, political re-strictions have been imposed on their ability to buy foreign stocks. It is only eight years since exchange controls were lifted in the UK, and French liberalisation has been much more recent still. But the trend is very definitely in the direction of removing controls, except for Third World countries.

appropriate proportion of a portfolio which should be invested abroad. Usually the more conservative institutions, like pension funds, start with a rule-of-thumb target like 5 or 15 per cent, then gradually move to a level with which they feel a level with which they feel comfortable.

Some purists argue that fund-managers should take a purely global stance, and so their logi-cal exposure to their domestic market should be in proportion to its contribution to the capi-talisation of the global market.

This would leave US pension

tend to look at the problem in terms of its risk-and-return ef-fects. Spreading assets across

UK pension funds, for example, increased their overseas add diversification and will equity exposure to the extent that the average pension fund securities portfolio (excluding property) incorporated nearly 25 per cent in foreign stocks at the end of 1985. So far in 1987, however, this proportion may have eased back to nearer 20 per cent because of the good performance of UK equities.

Some purists argue that fund-

and they also have foreign share listings and large numbers of foreign shareholders.

One type of 'top down' fund manager would much prefer companies to remain small and national, so that he can make global asset allocation decisions of a kind that will fundamentally change the orientation

Purely practical factors also influence the global profession-al investor. For instance, the availability of information has improved with the development of worldwide communications, but the quality of data still leaves much to be desired in many countries.

many countries.

Then there are all the hazards of dealing and settlement, which have caused many funds to blacklist countries like Italy. to blacklist countries like Italy.
On the other hand, there is now a growing number of markets which are accessible to global investors, and which offer useful opportunities. International fund management has therefore become a potentially more rewarding exercise for those wishing to make the effort to get to know and understand markets around the world.

markets around the world.

There are markedly different styles of global fund manage-ment. Some big managers try to replicate the pattern of the mar-kets, setting up branches around the world and feeding local information into some kind of global asset allocation model. Others adopt the opposite approach, sitting in one office and trying to make sense of all the data as it comes in from around the world.

Will global trading offer new opportunities? It will be a matter of experience, depending on how liquid the markets are and what the volume will be, says around the world.

around the world. Managers who are stock pick simple. Wherever we can get ers will find it essential to keep the best deal, that's where we their ears close to the ground, and so will need an expensive network of offices. But many in-

proach, focusing more on cur-rencies and country weightings than they do on individual equi-ties. This is, of course, a cheaper approach, though a fair amount of travelling may be required to make it work

pon all 1,375 individual con-

the UK stockbrokers Wood Mackenzie; in conjunction with

The Euromoney/First Boston Global Stock Index is produced by a First Boston team, in con-junction with outside academ-ics, and is published monthly in

The extreme case is the man-agement of global index funds, which is entirely a statistical exercise. Two London fund management companies, Bank-ers Trust Investment Manageers Trust Investment Management and County NatWest Investment Management, have launched their first client portfolios based on the FT-Actuaries World Index.

Although the index has more than 2,000 constituents, both managers have limited the number of direct holdings to 180,200.

This would leave US pension funds - which so far are only in the tentative 5 per cent bracket for overseas investment - with a target of, say. 60 per cent of their assets abroad. As for UK pension funds, they would only hold about 7 per cent in their domestic market.

Another theory says that

sions of a kind that will fundamentally change the orientation of a portfolio.

But the way international inhands are relying on sampling soon not make very much difference in terms of national exponents of the world index futures, in those countries where it is possible, to perform theory says that

Another theory says that

International fund managers are now being pursued by the big securities firms which have set up their own global net-works and are attempting to sell trading services world-wide or a 24-hour basis, as well as to dis tribute new issues on a multina tional basis.

But do institutions really need a local market in global equities in their own time zone? Mr Jacob van Duijn, research director of Robeco Group, seems unenthuslastic. He says it is no great inconvenience for his Japanese fund managers to be in the office early in the morning and his US team until 8

Robeco has been running global funds out of Rotterdam for more than 50 years. Perhaps it is untypical, in that it has had many years to build up its own lines of communication to local markets world-wide. And as an institution with a long-term approach Robeco is not inclined to trade actively or hastily.



Instant access to company news from a single file

Now there is a new way to research company news - the new Reuter Company

More than just an historical database, the Company Newsfile is compiled from our own sources and edited by specialist teams of Reuter journalists. News stories can be accessed quickly and easily on screen using a simple individual company code.

As a new addition to our existing equities services, it offers details on the last six major news stories on over 2,000 International companies from over 25 countries.

Stories are entered within minutes of their release, 24 hours a day. All linked items are combined to give comprehensive but succinct summaries for every company on file.

So whenever you need to know the stories behind the share price, check them out, instantly on the screen.

Existing subscribers to Reuter equities services can enjoy a free trial of this service. Simply call up Reuter page CNFI.

But for further details call Rupert Rowbotham on (01) 250 1122 or return this

Please sand me further details about the new Reuter Company Newsille. Post for Rupert Rowbothem, Reuters Limited, 85 Fleet Street, London ECAP 4AJ.
Name
Company
Address
Pushoole

Investments

FIDELITY INVESTMENTS & SECURITIES LTD.

- Specialising in dealing in UK, European and US securities. Commitment to highest quality executions.
- clearing and client service. Experienced in large working orders and
- **Eguid** securities. Part of the independent Fidelity investment Management Group.
- Member of the Stock Exchange.

Fidelity Investments & Securities Ltd., 23 Lovat Lane, London EC3R 8EB For further information contact: Dick Feehan on 01-283 4595

Х

Slow steps in the paper chase

THERE ARE images calculated to send a cold shudder down the spine of international investors struggling to keep afloat against a tide of settlement delays.

The sight of Portuguese messengers processing from one Lisbon bank to another loaded down with share certificates. for example; or of stock being shuttled by the hundredweight along the causeway between Singapore and Malaysia to be

The fact that antiquated setsame world - and sometimes in the same market - as electronic trading systems that handle hundreds of millions of shares a day is a reminder of how rapidly the global equities market has taken off.

stamped by the authorities.

has taken off.

In the past three years, overseas investors have poured into emerging markets, often overwhelming support systems

Street suffered a home-grown whelming support systems which previously had only to cope with settlements between local clients.

Italy is just recovering from its nightmare. In 1984, foreign and Italian institutions took the small Milan exchange by storm. activity in 1986 reached an average L500bn (\$385m current) a day, 25 times higher than in

The banks' structures were not geared to handle that kind of settlement business, and even the clearing system in Italy was under strain," explains Mr Paolo Azzoni, of Milan stock-

because most banks now have accounts with Italy's central depository, Monte Titoli (literally, "Share Mountain"). Certificates are increasingly held there and transactions recorded by paperless, electronic book entry. But the improvement is also due to dissatisfied foreign investors pulling out. Daily volume is only a fifth of the 1986 peak.

Membership of the depository is not obligatory, so the process of speeding up settlements is a slow one. For the future the problem should be more or less solved, provided foreign institu-

crisis in the late 1960s and early 1970; London is in serious diffi culties now: and soaring markets such as Australia, Thailand and Singapore all show degrees Frustrated foreigners level a

tional experience, restrictive communications controls, breakdowns, vested interests. But this is not the whole pic-Italy early this year to sort out 600 open trades.

cates and determine entitle—ment.

The result was chaos, with
The result was chaos, with
The result was chaos, with
The result was chaos, with the result was chaos and the result was chaos with the result was chaos and th some trades left outstanding for 18 months or more.

Things have improved, partly because what have improved to the problems. We're down to about \$20 or 40 open trades. 30 or 40 open trades now."

In Spain, another market that has attracted intense overseas interest, Savory Milln detects a lack of urgency as well as of ary staff. Payment delays at the banks, and currency controls which hold up commissions to overseas brokers, are

also a dampener. Someone in Spain has to take the bull by the horns and get the governing bodies to put pres-sure on the local banks and bro-

kers, says Mr Warner.
Problems are also likely in While national exchanges can

play an important part in clearing backlogs, they may face lo-cal obstacles. In some countries, notably in the Far East, settlement systems employ thousands of people who would variety of accusations at the host market: lack of internaputerisation.
Pressure for change therefore be most vocal from

the international community. The Brussels-based internature, as London stockbrokers tional clearing system, Euro-Savory Milln discovered when clear, believes it has answered they sent a representative to many of the problems by offering rapid, secure and cheap set-tlement. Like its friendly rival, brokers Albertini. A flood of rights and bonus issues added there to try and learn how they to the pressure, with companies having to process share certifi
We took the trouble to go out Luxembourg-based Cedel, Eumany experts believe, is for national stock exchanges to co-option to the pressure, with companies having to process share certifi
We took the trouble to go out Luxembourg-based Cedel, Eumany experts believe, is for national stock exchanges to co-option to the pressure, with companies having to process share certifi
Mr John Warner, associate dispersion of the pressure o

gapore. Hong Kong and Japan

mong others.
Clients, be they banks, brokers or companies, hold an account which is debited and credited electronically. Settlement takes place overnight, in time for opening of business the next day, and is transacted against payment in any major currency. Transactions between two Euro-clear members involve no movement of paper, but certificates can be delivered to a party outside the sys-

Euro-clear, which belongs to Problems are also likely in been successful in attracting neighbouring Portugal as forneigh demand grows, and the authorities there are trying to computerise settlement as rapidly as possible.

dem successful in attracting been successful in attracting are insumuons that use it, has been successful in attracting are insumuons. the institutions that use it, has

It has a more uphill struggle to win over the average market player. Mr Gary Link, Euroclear equities development manager, says the 500 or so trades they settle each day ac-count for only a small share of the global equities market. Probably 90 per cent of the market continues to be settled in the traditional way, between agent banks in the two coun-tries concerned and by physical delivery," he says.

Many national markets have their own electronic clearing systems, such as the Kassenverein in West Germany or Sicovam in France. The way forward.

tablished between the International Securities Clearing Cor-poration in the US and the Talisman clearing system in

London. Eleven New York securitie houses are now directly hooked up to London, settling their UK equity trades through Talisman, says Mr Bernie Till, head of projects for London's foreign

use a link with the clearing sys-tem of Chicago's Midwest Stock Exchange. This, according to My Till, removes the risk of a trade failing and significantly cuts

the settlement cost - from an average £30 (\$49) through an agent bank to less than £10.

Meanwhile, computerised systems are being set up inde-pendently like Fitel's Equinet and Reuters' Instant-link which and Reuters' Instant-link, which enable all parties to a transac-tion to monitor it from the time

So the solutions to the paper chase are emerging albeit in a slow and piecemeal fashion. As Mr John Kinnaman, the new American director of global equities settlements for the UK se curities firm, County NatWest, puts it: We will not have a global system dropped on the world that we can plug into and settle all trades through - well, proba-bly not until the year 2050. We're going to be stuck with ties for some time to come."

Small deals suffer

THE SUCCESS of the first year back offices could no longer of the deregulated securities handle the volumes. markets in London, and its development as the centre of international equity trading, has in recent months been threat-ened by a problem which few foresaw: a massive backlog of unsettled bargains.

A Stock Exchange task force first highlighted its seriousness in July, just as shares and the volume of share trading were rising to their peak. The Ex-change issued a letter to securities firms, outlining a wide range of measures and penalties against firms with particu-larly large backlogs of paper-

been alleviated. The volume of firms, typically lacking any ex-share borrowing on the fort- perience in managing a low-nightly account day - the first margin, high-volume paper pro-deadline for settling bergains, cessing operation, paid little at-which provides a good indicator tention to the organisation of of the difficulties of settling their back offices or to recruit-bargains - has fallen from a ment and training. Their efforts peak of about fAbn to about were focused on building up ef-£2bn. The improvement was partly as a result of a decline in party as a result of a describe in share trading in August as the market slumped sharply. Ex-tended bouts of evening and weekend working by settle-ments staff, and measures introluced by the Stock Exchange, such as the setting up of a cen-tralised share certification serrice, have also helped.

Consquently, the risks have bargains. But the full costs of der which all a company's the settlements crisis, in terms shares are held in a central deflocition of lost clients irritated by the positary. This cuts down drastinefficiency and the delays and cally the number of movements inflated wages and overtime of paper, and allows accounts to payments to settlements staff, be debited and credited autowill continue to be felt by secunities figure for a long time. rities firms for a long time.

fits of the hig hang deregua- conservatism of the partner-tion, in terms of lower ships that made up the member-commission rates and more effi- ship of the Stock Exchange, pro-cient execution of deals, have tected by a price cartel and a failed to filter down to the small web of restrictive practices, the investor, whom the Government only innovation was the long is seeking to encourage. The overdue introduction of Talisminimum charges for buying man in 1979. This replaced a shares, £20 or 1.65 per cent, complex system, of passing tick-whichever is the higher, are as ets from broker to jobber to brohigh as before Big Bang. The ker for every bargain, with a Kleinwort Grieveson and Hoare Stock Exchange, through which Govett, had to be curtailed ear-lier in the year when the firms' settlement.

Although much of the critirism has been directed against company registrars, for failing to issue certificates in the time scale prescribed by the Stock Exchange, most of the blame rests with the Stock Exchange and its member firms. An upsurge in trading volumes after Big Bang was predictable, in fact essential to make up for the cut in commission rates. Previous cuts in dealing charges, for example the halving of stamp duty in 1984, had led to strong increases in volume.

But at least, until the last three months before Big Bang, Since then, the problem has the newly-formed securities been alleviated. The volume of firms, typically lacking any exfective teams of researchers, sa-lesmen and traders equipped with the latest computer tech-

The London Stock Exchange has suffered before from large backlogs of unsettled bargains as a result of an upsurge in trading volumes, in particular in 1968 and 1972. The paper moun-tains were never as large as in New York where, in 1968, the receded of a Stock Exchange Stock Exchange was shut down firm being pushed over the every Wednesday for nearly a brink into insolvency by being year. But out of the 1968 crists forced to borrow excessively to in New York emerged a new aufinance delays in receiving pay- tomated settlements system, ments against the delivery of and the development of a pyrashares as a result of unsettled midal system of nominees unbargains. But the full costs of der which all a company's

By contrast London failed to In particular, the difficulties keep pace with these improve-and costs of settling small bar- ments. As a result of the bear gains has meant that the bene- market in the mid-1970s and the fits of the Big Bang deregula- conservatism of the partner-tion, in terms of lower ships that made up the membertwo leading cut-price services centralised computer system for small investors, offered by and nominee account run by the

tary system developed, except for some overseas stocks, in particular South African and Australian stocks, traded in Lon-don. And the introduction of Taurus (the Transfer and Automated Registration of Uncertifi-cated Stock), which will end the use and transfer of share certificates in the settlement proc has been delayed until the end of 1989 at the earliest

Some settlements specialists and consultants with experience of the New York system criticised the design of Taurus. Mr Robert Apfel argues that Taurus will be too complicated, because it merely attempts to replicate the existing system in electronic rather than paper form. A much simpler system could be introduced in six to nine months rather than two to three years, he says, which would be modelled on the US central depositary and nomines

He has suggested to Treasury officials that the Government could help to ease the settlements problem and reduce the costs of share-buying for small investors by making the next of its privatisation issues in certificateless form, with all the shares held by a central deposi-tary. Small investors could then open share accounts with their

There are three main objec tions to such a reform. One is that a company could no longer easily check its list of share-holders, although even at present 80 per cent of shares in ma-jor UK companies are held through nominees. In the longe term, on-line computer technol ogy could allow company offi-cials and outsiders to tap their way through the layers of nomi-nees to find out the ultimate

The second objection is that some shareholders like holding share certificates, although such individuals could still be accommodated, for a substan-tial additional charge.

The third objection is that the system would require banks to send out annual reports and company letters to the shareholders who hold accounts with them. Although, in principle, the companies could reimburse the banks for taking on this administrative burden, securing agreement between all the affected parties would take a long

Citye Wolman

Quotation systems

The electronic route to equity

MODERN computer and communications technology is critical to the successful creation of

By definition, the players in a global market are geographical-ly far apart. Yet any securities market based on the principle of competing market makers is only at its most efficient when every participant has access to the same price information at the same moment.

Without such an equitable distribution of prices, the quality and integrity of the market would be open to doubt. Only modern information technology can create the kind of systems able to fulfill these conditions. And even with the best technology available today, creating an efficient and foolgroof price efficient and foolproof price distribution system is no cheap

Paull Robathan of Infact, a Lon-don-based dealing room consultancy, is to ensure that trading is not upset by delays in the quote system: 'Every dealers' request must be met at the same time. If the system is 15 seconds slow and a price changes, you can be hit before it will accept a

equities market with 24-hour trading Mr Richard Wilson, ex-

down the line.

We see the world as made up, for the time being, of separate domestic markets, among which

it is possible to form effective links. We are not looking for an

easy route to the global market. We are looking to make a lot of

money for ourselves and our cli-

ents for the next five years or so

by finding answers to the many

obstacles that stand in the way.

Security Pacific Hoare Govett which covers most of the inter-national merchant banking and

securities trading business of the bank, describes the bank's

plan thus: "Our strategy is to be

strong in their own domestic

markets because, frankly, the

bulk of equity business in a market is domestic investors

buying domestic securities. We

hope that we can add an inter-national layer on top of that."

international securities busi-

ness now includes stockbroker

Hoare Govett in the UK (83 per cent owned), McIntosh Hamson Hoare Govett in Australia (34

owned), and most recently Burns Fry in Canada, where it

took a 30 per stake, which it ex-

pects to increase to 50 per cent

a branch office in Tokyo and a

strong position in the Hong

Run from London, the bank's

transnational approach.

ecutive director of corporate fi-nance, says: 'If it happens, it's going to be a long, long way the fi

cial information company, has spent millions of pounds over the years to develop the high speed data transmission net-work (Integrated Digital Network) it uses to run its Equi-May this year to serve interna-

ADP, a fast growing US computing services company with significant interests in financial information has spent "mega-bucks", according to observers, in developing its international equities service. According to Mr Ralph Koehrer, managing director of ADP Financial Information in London, within 18 months ADP expects to have 120,000 quotes price display ter-minals in place. Deals with Mer-rill Lynch and Shearson Lehshould ensure that it rtakes its chief com: in the US, Quotron.

The London International dors.

Stock Exchange is pressing ahead with development of its "Seaq International service, its price display mechanism for international equities. It now shows over 600 prices and the intention is to display over 1000.

Mr Michael Moore, head of foreign equities development, and settlement on the season of the managers of the area of providing a full dealing service. The managers of developments which can be expected in electronic global markets outside North America. So the pieces are falling into place. One pointer to the kind of developments which can be expected in electronic global markets outside North America. So the pieces are falling into place. One pointer to the kind of developments which can be expected in electronic global markets outside North America.

HOARE GOVETT, the international equities arm of the Los Angeles-based commercial bank Security Pacific, has built a strategy for the global equity market on the premise that it doesn't exist.

Of the idea of an enormous of the future and allow us to offer considerably and the future and allow us to offer and the future and allow us to offer the considerably and we had to put Canada on the front burner.

Nonetheless, I'd be very surprised if within the next 12 to programme of deregulation and we had to put Canada on the front burner.

clients may want, says Mr Lun-

In building a global business, the firm still admits it has some weaknesses. Because the firm has concentrated on secondary

Reuters, the UK-based finan- says developments include the an international basis. implementation of international standard communications interfaces so the system can be in this area. Equities 2000 (and linked into European networks.

It is also developing the abilities 2000) was designed to proty to show the size in which a vide quotations for every instrustock is offered, and experiment traded on every menting with new indexes to significant stock, commodity, show at a glance the behaviour

of particular markets. The competitive position is complex. To some extent, all the exchanges based on competing has been developing over five market makers compete in of-fering their price information, bility through the use of adfering their price information, bility through the use of ad-but this picture is becoming vanced digital (computer lan-blurred through co-operative guage) techniques. Satellites

market, NASDAQ, for example has a reciprocal agreement with the London International Exchange for share price information. Seaq International in the control of the control

18 months, we didn't have a major US brokerage firm as part of

our worldwide network. We don't want to build one up de

Reuters, is moving fast and iggressively to secure its stake options and futures exchange in the world.

The secret is the Integrated Data Network which Reuters moves. The US unlisted securities quotes at a speed of 64,000 bins-

mation. Seaq International is mated deal execution system likely to offer its prices in the through its ownership of Insti-US through other quote ven-dors. net, a US share trading system with the potential for expansion

belped the company gain of-fices in Europe, though, to which Hoare Govett hopes to

So is the bank satisfied with

its acquisitions so far? Mr Lundell says : Our approach has been to make investments in

firms that are themselves doing

well and have very strong man-agement. We don't acquire com-panies with management prob-

The Hoare Govett acquisition, he says, has been a success. We have brought Hoare Govett very much into the management of

the global business and the development of the strategy to go forward. We like to think of it

more in terms of a partnership than an outright acquisition."

I think it's generally felt in he City that we have probably

got the best arrangement of any-body who's done this. I think this is reflected in terms of the lack of turnover of staff and the level of profitability we have

add new products.

tions before and after regular US business trading hours.
It seems likely that within a
few years only a small number

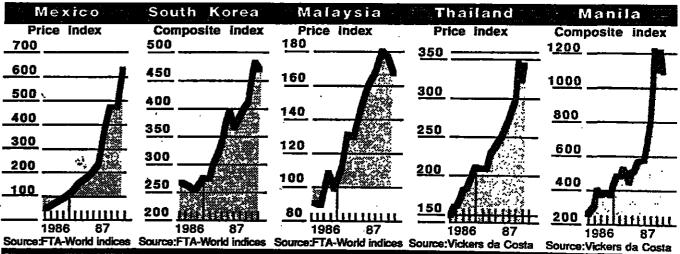
global electronic automated transaction system for the trad-

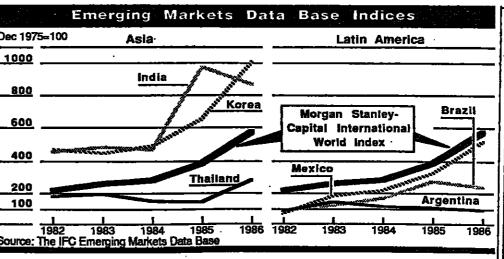
ing of futures and futures-or

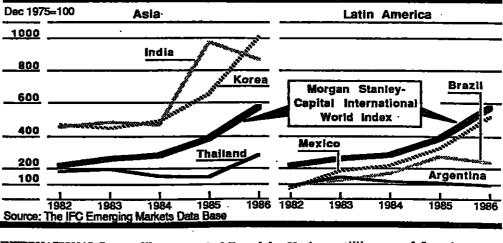
of large quote vendors with the resources to survive in, and sup ply, global markets will remain The likely contenders are al ready making the necessary al liances, takeovers and merger

Third World stock markets

First shoots of huge growth







demand is very strong and certainly greater than the available supply. A beauty contest organised this year by a financial magazine, in which a hundred of more than double the Eurodand dred profession average and the number of stocks stated internationally.

Investor demand is being investor demand is being stimulated by the sight of growth rates, especially in Asia, of more than double the Eurodand dred profession average. dred portfolio managers were asked to nominate their favourite undeveloped markets, saw
South Korea emerge a clear
winner, with Taiwan second.
The rest of the field was led by

I has actually registered nil growth in the last quarter. The steep rise in the value of the yen has accentuated the com-

INTERNATIONAL finance, like Portugal, followed by Mexico, the clothing trade, has its own Thailand, Brazil, Greece, the fashions; and it is not easy to Philippines and India.

fashions; and it is not easy to tell a passing fashion from a real trend. The present interest in young stock markets is a case in point.

Collectively, the so-called emerging markets (not including mature exchanges like Hong Rong) represent a small fraction of total world equity, and an even smaller fraction of the bark suggest we are now seeing the first shoots of a huge growth. By the end of this century, according to these calculations, the combined capitalisation in 35 'new' countries will have multiplied five or six big pension and investment the section of the section of the law multiplied five or six times from its base of \$130bn. big pension and investment times from its base of \$130bn. fund portfolios - perhaps \$1bn The same sort of expansion is of the estimated \$2.7 trillion (million million) they manage.

But according to brokers and (foreign as well as domestic), world Bank analysts, investor and the number of stocks traded demand is very strong and each intersticated.

pean or American average; and it has not gone unnoticed that

petitiveness of Japan's manufacturing rivals in Asia, and hence the investor's desire to get a slice of the action. Some of the stocks they are buying are of Japanese offshore ventures, and a lot of the money going in is of course Japanese.

Soaring prices in London, New York and Tokyo have also uraged investors to look at Continued on facing page

New York, New York SESSION 78FIN04-FT Call or Write to: Executive Enterprises, Inc. Registration Department, 22 West 21st Street, New York NY 10010-6904 212/645 7880

ANNOUNCEMENT BROCHURE

Conference on

ASIA'S

EMERGING

MARKETS:

THE LEADING

EDGE OF GLOBAL

INVESTMENT

November 16-17, 1987 Vista International Hotel

THE NEW GLOBAL FINANCIAL MARKETS: A REVIEW OF EMERGING REGULATORY ISSUES FACING THE TELECOMMUNICATIONS AND SERVICES SECTOR

by Robert R. Bruce, Jettrey P. Cunard and Mark D. Director By PODERT M. DIVICE, VEHICLY F. CARRIEU EIG MISHK D. DIVICED This 200 page special report addresses the registery difference global markets pose for the telecom, barriens or securities so section. It contains an authoritation: survey of new transactional terricos networks and reviews the changing legal environments in the US. Europe and the For East. The author's prior mark, From Telecommunications to Electronic Services (Santerworth, 1985) was hailed by the FT as "the most complete study yet of recent policy developments". The report to one of sur new 8C pages on the telecomm industry sponsored by AVAT. Cable & Wireless. Chicapp, Reuters. 1894, the EC. NIT and other major organizations. A must for business & government excelsion measure.

It is available only from the IC; Price £200/\$320

2 20/

The other weakness (and it is far from alone among western securities (irms) is Japan, but od of time we would see our here the firm believes the ac-"I'd be very surprised if, within the next 12 to

18 months, we didn't have a major US brokerage

firm as part of our worldwide network."

Profile: Hoare Govett

The transnational approach

the future and allow us to offer all the financial services that all the financial services that

weaknesses. Because the firm has concentrated on secondary market activity in domestic markets, it is not a strong player in the international new issues stitutional clients in other markets.

in the international new issues stitutional clients in other mar-market for equity, partly be-cause its constituent parts had little strength in the Euroboud The other weakness (and it is

come very strong in a number of indigenous markets. It's not a multinational approach, it's a says Mr Lundell. "We have tried to make invest-ments in firms that are very

weaknesses are geographic. ing, says Mr Greaver.

Ironically, but not surprisingly because of the limitations change would involve a signifi-

The most critical elements business to cover its overheads? still forbidden to the banks concerns the underwriting and dis-tribution of securities. But, according to Mr Anthony Greaver.

Chief Executive of Roare Govert, that will not prevent the bank adopting a dramatic and right course. It has looked, for the state of the course of the state of the course of the state of the course. Kong and Singapore markets through firms in which it has significant stakes.

been able to achieve, which we think has been quite exception-al in view of what's been hapselves more and more active in quisition approach will not be the global arrangement and effective. It's one of the great syndication of equity offerings." ays Mr Lundell. it's not a weakness we should More significantly, other try to rectify by reckless spend-

Ironically, but not surprisingly because of the limitations placed on commercial banks' change would involve a significant upgrading of the firm's activities in the US securities Tokyo office, the reward for markets, one of these areas is Security Pacific's home turf. While both Burns Fry and on each trade. Mr Greayer believes that going it alone may New York operations, its capacity in the world's most important property of the survey. There may the most important property what ity in the world's most impor- be another approach. What tant stock market is still limit- about tying up with someone who can assure one of sufficient

typical solution - to the prob- example, in France and decid-We did have it in mind to Burns Fry acquisition has

pening elsewhere." London too, the bank be-lieves, is a better spot than Los Angeles to co-ordinate its inter-national securities business. That is because of the time zone, but also because of the numbers of people the interna-tional merchant bank employs in London (about 1,500) makes

for what Mr Lundell calls criti-The level of competition in the international securities markets is a source of concern. But Security Pacific is very strong on diversification. This should help protect us from whatever downturns occur in these very volatile businesses, says Mr Lundell.

Mr Greayer adds: "Come the worldwide bear market, which I guess has got to happen, business will be more limited. But it will be the firms which are strong domestically who will get

Stephen Fidler

Country funds

Useful ways to bring in foreign currency

CAUTION HAS long been the by-word for those involved in setting up and advising on so-called "emerging economy" funds, which can offer investors IFC. Six months before

funds, which can offer investors a potent mixture of risk and a significant longer-term return. But, for developing countries, such funds have been a useful means of attracting foreign investment, particularly in the case of stock markets that have hitherto remained closed.

While the steady birth of new country funds and the growth of existing ones has revealed the continuing appeal of this avenue of equity investment, there have been recent moves, too, to link such funds to debt-equity swaps by countries labouring under their burden of foreign debt.

Corporation, the private enter-prise arm of the World Bank, last month disclosed that it was

last month disclosed that it was discussing with several developing countries the establishment of funds that would channel debt-equity swaps into a portfolio of equities rather than individual investments.

Sir William Ryrie, executive vice-president, said the countries with which discussions were under way included Chile and Mexico - which already have well-established debt-equity swap programmes. nava well-established debt-equity swap programmes.

A Philippine debt-equity swap has already been established, but its launch has been

delayed by a number of factors, such as the accounting treatment by US banks of shares in the fund, which serve to illustrate the difficulties faced by such projects.
But the IFC's attempt at "who-

But the IFC's attempt at "who-lessling" debt-equity swaps is part of its wider purpose of promoting equity investment in developing countries. Country funds, in which the IFC has played a pioneering role, have gone some way to-wards encouraging such invest-ment

launch of each country fund, he said.
The latest such fund, managed by Merrill Lynch, Morgan Stanley and Arab Malaysian merchant bank, is the \$36m Malaysia Fund, that was listed on the New York Stock Exchange

on may a.

However, the Malaysian fund
is a different animal from other
funds it has belped to launch, ording to the IFC, as Malay-

open stock market. Countries in which investment banks can operate freely do not generally present problems for the launch of such also be a problem in the US if funds, as the banks themselves the funds are not registered

But the fear of the unknown change Commission.

emains a major factor concern—SEC-registered transactions ing the banks, according to the IFC. Six months before the launch of its first country fund in 1984 - the Korea Fund, lead-

also require a clear explana-tion of the risk involved, a fea-ture the IFC incorporates in any case in funds it helps to launch.

"We never hold out that these

markets offer a panacea or that there are no risks involved. But we see opportunities in them that are mutually beneficial,"

that are mutually beneficial," says Mr Barth.
"On an aggregate basis, the dollar return in these markets is not out of line with the dollar return in developed countries... Market capitalisation as a total is a fraction of contribution to GNP, and one can make a case for growth potential," he adds.

in 1984 - the Korea Fund, lead-managed by First Boston - the IFC found it had little or no sup-port for the fund in the interna-tional capital markets. The Korea Fund has since steered \$100m into the Seoul stock market it was succeeded by a \$50m Emerging Markets by a \$50m Emerging Markets Growth Fund that was a private

Growth Fund that was a private placement managed by The Capital Group in Los Angeles, and the \$30m Thailand Fund organised with Morgan Stanley and Vickers da Costa.

The IFC was not the first into Korea, however. Merrill Lynch was lead-manager for the Korea Trust launched with \$15m in 1981, and increased by \$10m to total \$25m in 1984. total \$25m in 1984. Marrill has also been active in the launch of other country funds, including the Bangkok Fund of \$10m in August 1985 which is London-listed.

which is London-listed.
Launched at \$10 a share, it is now trading at \$42. The net asset value of the Bangtok Fund rose by 140 per cent from June 30, 1986, to June 30, 1987, according to Merrill Lynch.
Following the nations as he

Following the pattern set by the Korea Trust Merrill Lynch's India Fund broke new ground in July last year by al-lowing a means for indirect in-ternational investment in that country. It also provides a good

The idea for the fund was first mooted by Merrill in late 1984, and institutional investor re-sponse was sufficiently enthusiastic to warrant an increase from £30m to £40m. In early 1986 it was revised once again to 200m, and again to 275m at close of applications on August 15 last year, after demand for shares had exceeded

"The IFC has to a very large extent used these funds as visting cards for countries into the international capital markets," says Mr Michael Barth, division manager, capital markets department. For that reason, a great deal of time, effort and negotiation with the government concerned had gone into the launch of each country fund, he marketing the ludiz Fund, gust 18, 1987, has risen 25.5 per cent in rupee terms and 13 per cent in sterling terms.

In marketing the India Fund, Merrill saw itself operating under one major constraint: the Indian Government had established an investor spread requirement that two-thirds of the theory in the Evnd has allocated.

> individuals.
> Such constraints could be come more common as develop-ing countries ensure that such funds serve their purpose - in the case of India, the target

> shares in the fund be allocated to institutions, and one-third to

The US market seems to move with hemlines

Of bulls and minis

"Investors are becoming more inclined to favour international portfolio diversification, reflecting the view that a geographically diverse portfolio provides an enhanced risk-return relationship," said a spokesman for a leading international bank, though he added: We have been lucky that most of the funds we have launched have done well. They could just as well have flopped."

TI IS all to do with the miniskirt Rising hemlines are supposed to be signs that America is feeling good. So are rising stock prices. Skirt lengths went up with stocks in the 1920s and the fell in the bear markets that followed.

This summer the miniskirt took over the streets of New York and the stock market took off. As knees appeared as far downtown as Wall Street, the index of heavyseight stocks in the market the followed. This summer but the stock market took off. As knees appeared as far downtown as Wall Street, the index of heavyseight stocks in the stock market took off. As knees appeared as far to the rise in inflation, which tends to boost profit margins before it works through to higher wages and costs. But trial Average rose 500 points, or 23 per cent. On August 25, it topped out at 272422, and then tumbled more than 8 per cent as financial markets all over the Dow was inching its way back up and the market was as confident as ever.

The triumph of the mini-skirt is as good an explanation as any for a surge in corporate the took off the market was as confident as ever.

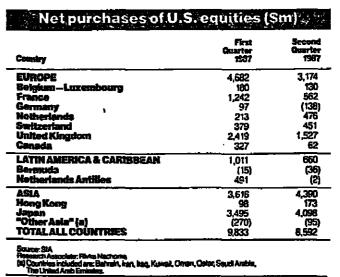
The triumph of the mini-skirt is agained the market was as confident as ever.

The triumph of the mini-skirt is as good an explanation as any for this summer's remarkable bull market in stocks. The non-hemline fundamentals have improved a little in the course of the summer but they are still worbbly, at best. And it is quite late in the economic day, the US economy has now been growing for 59 months in succession, a peace-time record.

Still, economic growth, at 3.5. So much for the good news. Here is the bad news. The stock investors.

Here is the bad news. The stock in market turn its summer but they are still worbs through to the conomic far to the first growing for 59 months in succession, a peace-time record.

Still, economic growth, at 3.5. So much for the good news. The stock is month, against \$2700 in all peaced to the market turn its summer but they are still worbs the peaced to the peaced to the peaced to the peaced to the



back on one exorbitantly expensive stock-market sector - spe-New York Dow Jones Industrial Average .cialty retailers. down sharply from last year.

The market is also expecting the earth in terms of company profits. Stock prices have risen not only absolutely but as a multiple of expected company earnings. Though profits are growing, they cannot keep up with a demanding market. The stocks of the Standard & Poor's 400 index are now selling for 23 times the companies' most recent annual earnings, as against 17 times this time last year.

If stock values lose touch with corporate earnings, shares detecting in value as thoroughbred racehorses or SoHo abstracts. This autumn has alteready seen the market turn its 1400 [[]]]]]]]]]]]]

"We want to attract investors in the U.S. Can J.P. Morgan help us?"

J.P. Morgan originates more than 60% of all overseas equities traded in the U.S. in the form of American Depositary Receipts. Because ADRs can be listed on U.S. exchanges, with transactions settled in U.S. dollars, they make foreign shares more attractive to American investors. Through a sponsored ADR program at Morgan, a non-U.S. company can broaden its U.S. shareholder base, raise capital, and facilitate other corporate financing activities. Morgan created the ADR in 1927 and we still offer issuers, brokers, and shareholders a quality of service unsurpassed by any other institution. If you'd like to know more about the

benefits of a Morgan-sponsored ADR program, we'll welcome a chance to discuss them with you.

Ask us how a sponsored ADR program can benefit your company.

In New York: Robert E. Murray 23 Wall Street New York, NY 10015 (212) 587-6018

In London: Gordon J. Knight or Jean M. Pellegrini 1 Angel Court London EC2R 7AE, England (01) 600-2300

JPMorgan

The Third World

Continued from facing page

the risky but cheaper markets of the Third World, where bargains are to be had by those with good local knowledge. Investors seem not to have been unduly deterred by the volatility of these junior exchanges: a stockmarket fall of 35 per cent in Manila, on news of the latest attempted coup, is hardly a pleasant surprise - but then it should hardly be a surprise at all. One broker put it more enignatically: 71's not a matter of when to buy, but when to sell."

Some of the exchanges overheat very quickly, and speculative frenzies are bound to make this a difficult market. But investors interested in the longer term seem persuaded that the funds that have fled abroad. Political developments appeared to civilian democratic government. The Philippines still-shaky democracy; South Korea has legitimised an opposition, and even Taiwan is combined to the funds that have fled abroad. Political developments appeared to solve the funds that have fled abroad. Political developments appeared to civilian democratic government. The Philippines still-shaky democracy. South Korea has legitimised an opposition, and even Taiwan is combined to the funds that have fled abroad. Political developments appeared to civilian democratic government. The Philippines still-shaky democracy. South Korea has legitimised an opposition, and even Taiwan is combined to the funds that have fled abroad. Political developments appeared to continue the funds that have fled abroad. Political developments appeared to continue the funds that have fled abroad. Political developments appeared to countries want to harm development and to lure back the funds that have fled abroad. Political developments appeared to civilian democratic government. The Philippines still-shaky democracy, South Korea has legitimised an opposition, and even Taiwan is combined to combined the funds that have fled abroad.

conscious governments.

The lack of sophistication of US State Department at work emerging exchanges is seen by some fund managers as one of the attractions. There is little research or analysis, and so plenty of scope for the enterprising outsider to exploit those inefficiencies. As Mr Charles for American diplomacy. People it described the scene recent with being poor, especially ett, described the scene recent-

premises of a High Street book-maker, with customers sitting round following the prices on the boards or screens and occa-sionally going to the counter to place an order, as though gambling on a horse race."

Cal incompetence.

Despite recent disturbances, investors seem to be taking the view that the political risk in developing country markets is mercial risk more bearable.

Nevertheless they will heave to

learned from the debt crisis. For some countries, debt-eq-nity swaps have been a useful emerging markets, at least, is adjunct to debt rescheduling, backing his own analysis. Mr and assets have had to be made Antoine van Agimael, deputy available. Others are discovering the budgetary benefits of markets department, left the privatisation after years of state mismanagement of industries and utilities. A domestic equity capital market is an attractive alternative to endless dependence on the international banks - even were the banks to markets department, left the markets attendent to set up an investment management group specialising in the raw young stock markets of the developing world.

Christian Tyler

investors are ready to pay quite are more than mere coincilarge premiums for the limited amount of stock they are permitted to hold by sovereignty-ment at James Capel in London, senses the invisible hand of the up with being poor, especially when in most instances their "Stockbrokers' offices often poverty can be traced to politi-look to our eyes more like the cal incompetence."

gambling on a horse race."

Many of the new bourses are chaotic, their antique dealing systems stretched to the limit by sudden expansion. But the supply of stock is improving all the time, thanks mainly to lessons its and markets threatened by

the new entrepreneurs.

Christian Tyler 1

FT writers assess performance and prospects in the other main markets

No rout likely in Tokyo

DESPITE the Tokyo Stock Ex-change's well-publicised moves an obscure chemical company toward internationalisation, it went bankrupt from losses in remains as Japanese as the tra- the bond futures market. Even

now sit on the floor and that every month more foreign companies announce that their shares will be listed in Tokyo. But argument: first, that the TSE rethose who try to slot the Japa- ally is not that expensive or vilnese exchange into the western mould of equity trading are still own terms; second, that the Govmaking a Sumo-sized mistake.

ous for defying the fundamentals of stock market research.
Seasoned foreign pundits were declaring the market to be ludicrously expensive as long as two years ago, well before the current bull run. With the TSE's public companies are heavily intelleded through an extenaverage price/earnings multiple interlocked through an extenpushing up toward 60 earlier sive system of cross-holding. Acthis year, many respected outsiders suspected that a crash in
the topic by Warburg in Tokyo,
world stock markets would be
about half the shares of compa-

burg estimates that foreign holdings had probably fallen to holdings had probably fallen to terms. Warburg contends, "the around 4.2 per cent of the total view that Tokyo is a relatively market by August of this year expensive market is highly dufrom 8.8 per cent in the spring bious".

At the same time, other imbrol over the flow of funds into the more to maintain some control over the flow of funds into the market. Many argue, as a retember, the TSE index had spite its increasingly internascored another record high.

ditional tatami mat.

It is true that foreign brokers many foreigners in Tokyo do not many foreigners in Tokyo do not

There are two threads to this nerable when looked at on its ernment has no intention of al-Tokyo continues to be notori- lowing a major rout in the equi-

world stock markets would be about half the snares of compa-kicked off in Tokyo - when in-pies listed on the TSE are held vestors realised that industry's prospects no longer merited such lofty ratings.

about half the snares of compa-nies listed on the TSE are held by other listed companies. This reduces the number of shares available for trading, limits the Indeed foreign investors have positions and distorts yard-been dazzled by the perils and voted with their feet. S G Warburg estimates that foreign When looked at on its own

Tokyo Nikkei Average 26 000 18

12 million de la constitución de

1986

fairly regulated place. The Ministry of Finance, for example, still strictly controls the amount of money which can be put into equities by the country's huge pension funds. The Y32,000bn Post Office Insurance fund is limited to investing in one or two approved shares. These continued restrictions, along with similar regulations, allow the MOF to maintain some con-

rious downturn in the market could be partially eased by a governmental nod to allow more funds into the market.
And backing up the Government would be Japan's big four
stockbrokers, Nomura, Daiwa,
Yamaichi and Nikko, who set the pace of market trading by their virtual control of two-

thirds of the seats on the TSE. Tokyo, would not be immune to a worldwide slump in equities. But its particular way of doing things seems to provide assurance that it is more stable that it looks.

The Government's interest in relative stability is not only to prevent the opening of windows in the top floors of Tokyo's sky-scrapers. It also has an ambitious privatisation programme to think of, with big receipts from more shares of NTT, Japan Air Lines and some public sec-tor railways expected in the

And for those who insist on checking the fundamentals, they currently look better than they have for a long time. The argument for selling Japanese shares has been fears over the effects of the rising yen on the economy and industry. But ac-

Carla Rapoport

UK's climb may slacken

UK EQUITIES have been enjoy-ing a prolonged bull phase. The commentators to wonder wheth-FT-SE 100 index now stands at a er the bull market had ceased, level more than three and a half
times that at which it started
1981 when the recession was at
its depth.
The driving force has been
The driving force has been
The driving force has been
The driving force has been
The driving force has been
The driving force has been

the strong recovery in manufac-turing industry as it has inflation has been kept low, ar-emerged from the recession; guably through tight monetary this has propelled corporate policies, but with the help of profits growth at a rate much falling or static commodity faster than inflation. The bene-fits have spilt over into the rest of the economy, as strong tax revenues have enabled tax cuts, poosting consumer demand.

The stockmarket boom has been reinforced by a high level of takeover activity, which has not only returned cash to the market in cases of successful

market in cases of successful bids, but has drawn attention to undervalued assets among companies that have not subsequently been acquired.

Nor has the rise in the stockmarket been held back by high levels of new stock issues, particularly privatisations of nationalised industries, but also rights issues ITK companies. rights issues. UK companies have virtually never been as well capitalised and financially strong as they are now.

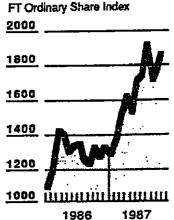
cording the most recent statis-tics, the worst of industry's ra-tionalisation appears to be gained confidence from the re-

cially energy costs. A firm ex-change rate in recent months has contributed to low inflation.

Yet there are a few straws in Yet there are a few straws in the wind which might indicate a slowing down of growth from now on. Commodity prices are beginning to rise once more. Many of the UK's trading partners are now seeing slower growth, and there is talk of a recession beginning in the US. If so, exporters will find it harder to sell goods overseas, while foreign manufacturers will look to the UK as a more buoyant market to sell to than their own. Already some monthly balance

of payments figures have shown a deteriorating trade balance. There is also concern that the economy is overheating and Despite the length of the market's run, its pace of growth has
accelerated rather than slowed
in 1987, as investors have
gained confidence from the regained confidence from the return of Mrs Thatcher's government. A 10 per cent setback is sucking in imports.

London FT Ordinary Share Index



The authorities have made it plain that inflation will be re-sisted at all costs - and showed sisted at all costs - and showed that they were aware of the pressures by raising UK interest rates by one percentage point in August. This was of greater concern to the bond market than to the equity market. But yields of over 10 percent on government bonds cannot be ignored forever by the not be ignored forever by the equity market, where the average yield is only 3 per cent. The gap between the two yields is at

an historic high, and some feel that it cannot be maintained. All these concerns might bring an end to the UK bull market, especially if other equity markets around the world also appear to have peaked.

Despite the continued strong conomy, the rate of corporate economy, the rate of corporate profit growth must begin to slow, perhaps from over 20 per cent in 1987 to between 10 or 15 per cent in 1988. And there recent less and less score for seems less and less scope for profit margins to widen further, although there has been a rise in capital investment much of which should reduce some manufacturers' costs. Wage in-creases are running ahead of in-flation, although much of the difference is made up by in-creased productivity that can-not be expected to last much

not be expected to last much longer.

Nor should it be forgotten that nearly half the profits reported by UK quoted companies are made by their overseas subsidiaries, and that if other economies are slowing these profits will be affected too.

It is not possible to predict with certainty that the UK market will continue to rise at the same rate as it has, or indeed at

same rate as it has, or indeed at all. Sentiment has turned against many sectors. Yet at many points in the upward course bearish commentators have wrongly predicted its end.

Maggle Uny

ALREADY A MASTER OF THE EAST, NOW WE'RE PROVING OUR SKILLS IN EUROPE.

In just a few short years Baring Securities has carved out an impressive reliputation in the Far East. sain B Incisive research quickly gave us a

sharper und erstanding of the market. In turn that led to a fresh and rather successful approach to Far Eastern investment.

Today, for example, we are the top trader in several Japanese financial instruments.

More recently we have been cutting something of a swathe through Europe.

So far we have subjected the markets of Spain, Germany, France, the Netherlands and Sweden to the same keen analysis.

> Already we have opened a new office in Frankfurt, and we enjoy the largest single share of the Spanish Securities market of any British brokerage firm.

It's a truly impressive rate of expansion.

And we haven't yet told you about our operations in North America or Australia or...

Baring Securities Limited

LONDON HONG KONG TOKYO



Iberia lends a glow to Europe

EUROPEAN EQUITIES have had a mixed year in 1987. Stock markets in the Deutsche Mark bloc - effectively West Germany, Holland and Switzerland - have

had a hard time.

By contrast, Spain and Portugal, have been trailblazing favourites for international fund managers looking for value and a "story" behind share buys.

France and Italy have proved slightly volatile.

Apart from an optimistic up-ward blip at the end of the sec-ond quarter, the German equity market's dominant character stic has been its marked underperformance against most other continental bourses. One reason has been the disappointing state of the domestic economy, which will be lucky to achieve 1.5 per cent GNP growth in 1987, despite more bullish government forecasts earlier. The market has occasionally perked up on more upbeat monthly eco-nomic statistics, but the lacklustre domestic economy has in

blanket over German shares. Upward movements in the DM's value against the dollar market, though occasional random upswings in the value of the US currency have boosted shares and confirmed the mar-ket's continuing heavy dependence on foreign equity buyers.
Share prices have reacted badly to the stronger DM on a variety of grounds, notably the potential damage to German exporters. Many non-DM investors have also been transted to be have also been tempted to take profits boosted by exchange-rate gains, while some newcomers to international investment may have decided to go else-where rather than pay a curren-cy "premium".

True, a dearer domestic cur-ency increases the foreign price of German exports. But many manufacturers have been able to maintain turnover thanks to non-price factors like

thanks to non-price factors like quality and service.
Holland, has shown unsually pronounced signs of its two-tier status. Unilever and Royal Dutch, the country's two big corporate names, which together make up 40 per cent of the market, have done well. But other Dutch shares have been mixed.
The value of picking the right

The value of picking the right sector rather than buying the market as a whole has been particularly evident in Switzerland, which has also tended to land, which has also tended to be dismissed as uninteresting this year. The index reached a new historical high in October, but that was still only a few percent above its end-1986 level.

Admitedly, banks and insurers, which make up 50 per cent of the Swiss index, lagged badly in the first half of the year on account of depressed first-half earnings prospects. Until re-

account of depressed first-nair earnings prospects. Until re-cently, the index for bank stocks was still below its end-1986 lev-el. But the picture in Switzerland is very different when seen by sector. Pharmaceuticals - no-tably Hoffmann La Roche - have done well, as have engineering groups like Sulzer.

groups like Sulzer.

Swiss stocks have also been boosted at times by special situations. No one is talking about US-style merger mania in the conservative Swiss market, but deals like the Brown Boveri-A-SEA marriage have spurred interest and prompted talk about other such links. Meanwhile, some companies have been buying each others' shares on a pure investment basis, without any aggressive motives. any aggressive motives.

The Spanish and Poruguese markets, which have boomed. bring smiles to fund mangers' faces. Both have undergone substantial economic and structural changes, while their bourses have experienced an unheavel in terms of foreign in upheaval in terms of foreign in-terest and surging volume.

The Bolsa Index, which start-ed 1986 at a base of 100, had by

Europe ... FT-Actuaries World Index 5 110 100

80

70

1986 August this year breached 300. Optimists predict it will break 400 before the year is out.

6 marristuri

1987

Spanish equities performance has stemmed from a mixture of factors. The market has gained long-term credibility among international investors. thanks partly to the economy's favourable response to full membership of the European Community. Moreover, Spanish earnings growth has risen well above the average thanks to improved margins, which have rishas also been buoyed by special

But perhaps as important as all these elements is the simple fact that Spanish shares have

fact that Spanish shares have caught investors imagination with the sharp gains, and Spain has come across as a market with an interesting story.

Much the same can be said of Portugal, though its market has tended to be seen as even more speculative. The election of a new government with a clear four-year mandate has also helped equities. helped equities.
French shares have been full

French shares have been full of fizz for much of the year after shaking off a spate of gloomy economic statistics. Shares on the Paris bourse have been boosted by a variety of factors, chiefly enormous liquidity. Mutual funds were very large buyers this year, with those benefiting from the "Loi Monory" tax incentives for buying French shares having to place their orders by the end of March.

Moreover, French corporate earnings potential has been excellent so far in 1987. But it is privatisation, the French Government's hallmark and this year's dominant theme on the bourse, which raises some doubts among foreign money managers. Flotations, including Paribas, Societe Generale and Compagnie Generale d'Electricite, have attracted immense investor interest and pulled in vast sums of money, let alone being considerably oversubscribed.

The French Government has

Scribed.

The French Government has now decided to step up the privatisation programme for 1988, with an estimated Fir90bn with of shares to be privatised in the coming months. They may sell like hot cakes, but some institutional investors are line stitutional investors are worried about a potential overhang of paper and wonder whether the sheer weight of new issues might not choke off investment from the rest of the market.
The picture in Italy looks less

The picture in italy looks less bright. The country now has a government after a lengthy pe-riod of uncertainty, but few fund managers are sanguine about its chances for survival. Fewer still appear to be con-vinced that it can adequately address the country's economic problems. Sentiment about the bourse, which has lost its dazzle after the heady days of 1985 and the first half of 1986, is cautious at best.

Haig Simonian